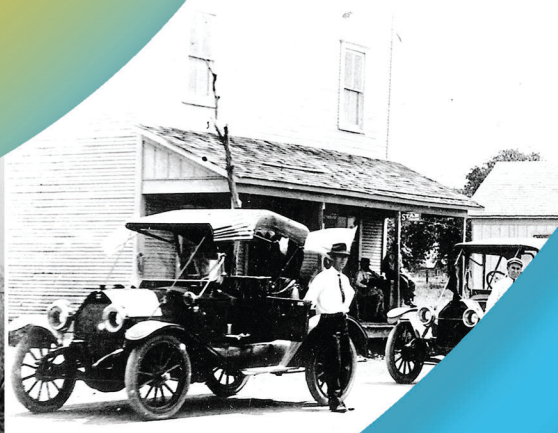
Annual Comprehensive Financial Report

Year Ended September 30, 2023



City of North Richland Hills, Texas

NRH
NORTH RICHLAND HILLS
70
SEVENTY YEARS
ESTABLISHED
1953

About the Cover

In April 2023, the City of North Richland Hills celebrated its 70th Anniversary. Depicted on the cover you will see the historical pictures taken throughout the years to commemorate this milestone.

The North Richland Hills area was first settled in the 1840s and remained a rural farming and ranching community for more than 100 years. In 1952, Clarence Jones subdivided his 268-acre dairy farm into a suburban neighborhood. In 1953, the new homeowners formed the North Richland Hills Civic League and sought to have the area annexed to Richland Hills, then voted to form their own city when annexation was denied. Although turnout for the election was light, in a vote of 24-23, North Richland Hills was incorporated by just one vote! The Jones Farm, with 182 homes, became the City of North Richland Hills. The community quickly grew as more farmland was developed and by 1960 the town of Smithfield had been annexed to North Richland Hills.

Today, with approximately 72,587 residents, 1,200 businesses and 30 major employers, North Richland Hills is the fourth largest city in Tarrant County. Residents enjoy our welcoming and neighborly atmosphere and family-friendly amenities including a modern public library and recreation center, more than 800 acres of parkland, 30 miles of hike and bike trails, the award-winning Iron Horse Golf Course and NRH$_2$O Family Water Park. Superior schools, a wide range of housing options and convenient access to all the Dallas-Fort Worth region has to offer, make North Richland Hills an outstanding community in which to live, work and play!

Created by: Budget & Research Department

Historical Pictures provided by: Communications Department

Background photo provided by: www.creativemarket.com

CITY OF NORTH RICHLAND HILLS, TEXAS

Annual Comprehensive Financial Report
Year Ended September 30, 2023

City Officials

Oscar Trevino
Mayor

Tito Rodriguez Place 1	Rita Wright Oujesky Place 2	Suzy Compton Place 3
Mason Orr Place 4	Blake Vaughn Associate Mayor Pro Tem Place 5	Scott Turnage Deputy Mayor Pro Tem Place 6

Kelvin Deupree
Mayor Pro Tem
Place 7

Mark Hindman
City Manager

Paulette Hartman
Deputy City Manager

Karen Manila
Assistant City Manager

Caroline Waggoner
Assistant City Manager

Mark Mills
Director of Finance

Prepared by: Finance Department

NORTH RICHLAND HILLS
City of Choice

ACKNOWLEDGEMENTS

The Annual Comprehensive Financial Report was prepared by the Department of Finance, Office of Accounting:

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Assistant City Manager

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Director of Finance

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Special appreciation is given to:

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Alexis Leavoy, Budget Analyst

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Sabrina Markum, Benefits Coordinator
Stacey Lykins, Human Resources Generalist

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

CITY OF NORTH RICHLAND HILLS, TEXAS

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CITY OF NORTH RICHLAND HILLS, TEXAS

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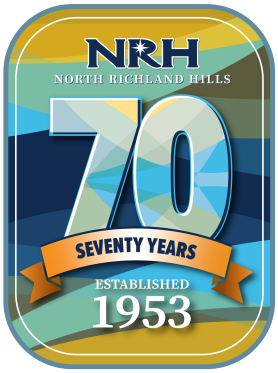
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Introductory Section

NORTH RICHLAND HILLS
NRH
THE CITY OF CHOICE

Department of Finance

April 15, 2024

To the Honorable Mayor, City Council Members, City Manager,
and Residents of the City of North Richland Hills, Texas:

We hereby issue the Annual Comprehensive Financial Report of the City of North Richland Hills, Texas (the "City") for the fiscal year ended September 30, 2023.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the CPA firm of FORVIS, LLP, the City's independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available in the City's separately issued Single Audit Report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 72,587 for 2023. During 2023, the City celebrated its 70th anniversary. The City is also home to over 1,200 commercial and industrial businesses. The fourth largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 ("Airport Freeway") traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 1,800 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the Alliance airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Account records for the City's water and sewer utility and other proprietary activities are measured on an accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations, and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; (2) the evaluation of costs and benefits requires estimates and judgments by management; and (3) the preciseness of estimates must be balanced with the timeliness of financial reporting. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds (Promotional, Donations, Special Investigations, Drainage, Parks and Recreation Development, Crime Control District, Gas Development and Traffic Safety), Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year and capital project amounts appropriated for the year which are unspent are carried forward to the next fiscal year. Budgetary data for proprietary funds is presented in the Other Supplemental Information section only since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds are allowed by budget ordinance passed by the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and Parks and Recreation Development Corporation, comparisons begin on page 78 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information section of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The City continues to grow amidst mixed economic conditions, as it remains geographically positioned in between downtown Fort Worth, DFW International Airport and the AllianceTexas Global Logistics Hub. Adjacent to the high socioeconomic cities of Colleyville, Keller and Southlake; the City is the fourth largest in Tarrant County with approximately 72,587 people and is likely to reach 80,000 residents by 2030. Since 2010, the City has grown by 15% in total population, adding over 9,000 residents.

This past year resulted in continued growth from taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, FY2023 taxable sales grew by 4.5%, a $58 million increase. This figure is expected to increase in fiscal year 2024 due to additional businesses opening along the Northeast Loop 820 commercial corridor and the far north sector of the City. Taxable property value grew for the 9th straight year, by almost $0.7 billion, reaching approximately $7.6 billion. Finally, the City continues to facilitate residential growth, permitting 115 new single-family homes with an average value over $450,000, the most new starts across the 12-city Northeast Tarrant County region 8 years in a row.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 12 primary employers within the healthcare, finance, aerospace, and supply chain sectors. In FY2023, the City welcomed 17 office-based businesses occupying 110,000 square feet of office space. Meantime, the remote-work trend has hit the City's office space with two primary employers shifting their staff to 100% remote work, Santander Consumer USA representing 1,000 employees and Stericycle and their 500 employees. Offsetting this trend is the increase of Shared Workspace locations within city limits. A new trend in commercial real estate, there are 7 different shared workspace locations, representing 200,000 square feet. This is led by WareSpace (www.warespace.com) with their 77,000 square feet and 75 office/flex units, and Caddo Offices Reimagined (www.caddooffices.com) which is currently developing a 2-story, 40,000 square foot office building with 160 suites. The City has also welcomed 50 retail-service based businesses, occupying 200,000 square feet, reducing vacancy to 8% in Q4-2023 from a pandemic high of 14% vacancy in Q1-2021.

The City continues to experience quality development and revitalization thanks to its strategic location, attractive standards and the ability to reinvent itself. One example is the 52 acres surrounding City Hall, called City Point (www.citypointtx.com). A former mall, the $225 million mixed-use redevelopment project includes 60,000 square feet of commercial space, roughly 370 single-family homes and approximately 450 multi-family residences. As of Q4 2023, over 60 homes are under construction or have been sold from Ashton Woods, Mattamy Homes and CB Jeni. Commercial development along City Point Drive is in the design phase, with construction to start November 2023. Expected to be complete by 2026-27, the City Point project will welcome 2,000+ additional residents.

A second example can be found next to the City's waterpark, NRH20. Merlin Entertainments (www.merlinentertainments.biz), the second largest amusement park operator in the world (behind Disney) is developing Peppa Pig Theme Park, a 15-acre, $27 million amusement park. This is the second domestic location (Orlando, FL) that is scheduled to open in late 2024 with 280 annual operating days, 450,000 annual guests, 90 employees and $15 million in annual sales.

Long-term financial planning

In November 2020, North Richland Hills voters approved a $49,875,000 bond package for the reconstruction of 27 streets. The 2020 Capital Program Advisory Committee, consisting of 35 residents from across the City, recommended the projects based on several factors that included: existing pavement conditions, traffic volumes, maintenance records, input from citizen surveys, and estimated project costs.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a continuous favorable bond rating. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and City Council priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, support services such as facilities, fleet, and information technology collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of $3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, the City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management instituted plan changes to address the rising costs in both active employee and retiree health care costs. These plan changes have begun to take effect and the reserves are expected to continue to improve in 2024.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet much of its capital replacement needs with the issuance of minimal debt. Over the course of its history, NRH_2O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations. Annual analysis by City management of capital needs could result in the need for debt funding of future attractions and infrastructure improvements if deemed necessary.

Cash management policies and practices

With the City's current bank depository contract with JP Morgan Chase Bank, N.A. set to expire on September 30, 2024, the City will initiate a solicitation process in early 2024 to secure another depository contract agreement. The selection process will award contracts for depository, safekeeping, and electronic lockbox payment processing for three years with an option to extend for an additional two years. Cash temporarily idle during the year was invested in two public funds investment pools, agency and corporate securities, municipal securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to five years. The weighted average yield for the City's overnight investments on September 30, 2023 was 5.3547%, and the weighted average maturity ("WAM") was 28 days. The portfolio's WAM for all other investments at the end of the fiscal year was 890 days, which is indicative of the City's attempts to transition from a shorter- term portfolio into a more balanced portfolio due to rising interest rates.

At fiscal year-end, approximately 67% of the portfolio was invested beyond one year, 10% was invested for one year or less, and the remaining 23% was invested in the overnight market. The City's Investment Advisor is Meeder Public Funds.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of $175,000 per individual per year, and/or $8,344,760 in the aggregate for a 12-month period beginning on January 1, 2022. For the 12-month period beginning January 1, 2023, the aggregate amount was $8,104,494. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Full-time City employees contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in the funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents. As of the current fiscal year, there were 182 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

City's Response to the COVID-19 Pandemic

The City has received both tranches of the American Rescue Plan Act (ARPA) funding totaling $9,533,205. City management implemented a needs based priority project list to utilize the ARPA funding and all ARPA funds must be fully encumbered by December 2024 and spent by December 2026.

Awards

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the 39th consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Upon approval by the City Council, this report will be submitted to GFOA to determine its eligibility for another certificate.

The City also received the Distinguished Budget Presentation award for its 2023 budget document. This was the 32nd consecutive year the City received this award.

Acknowledgments

Timely preparation of this Annual Comprehensive Financial Report was made possible by the dedicated service of the Finance Department, our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,

Glenn Mizell
Assistant Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Richland Hills
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

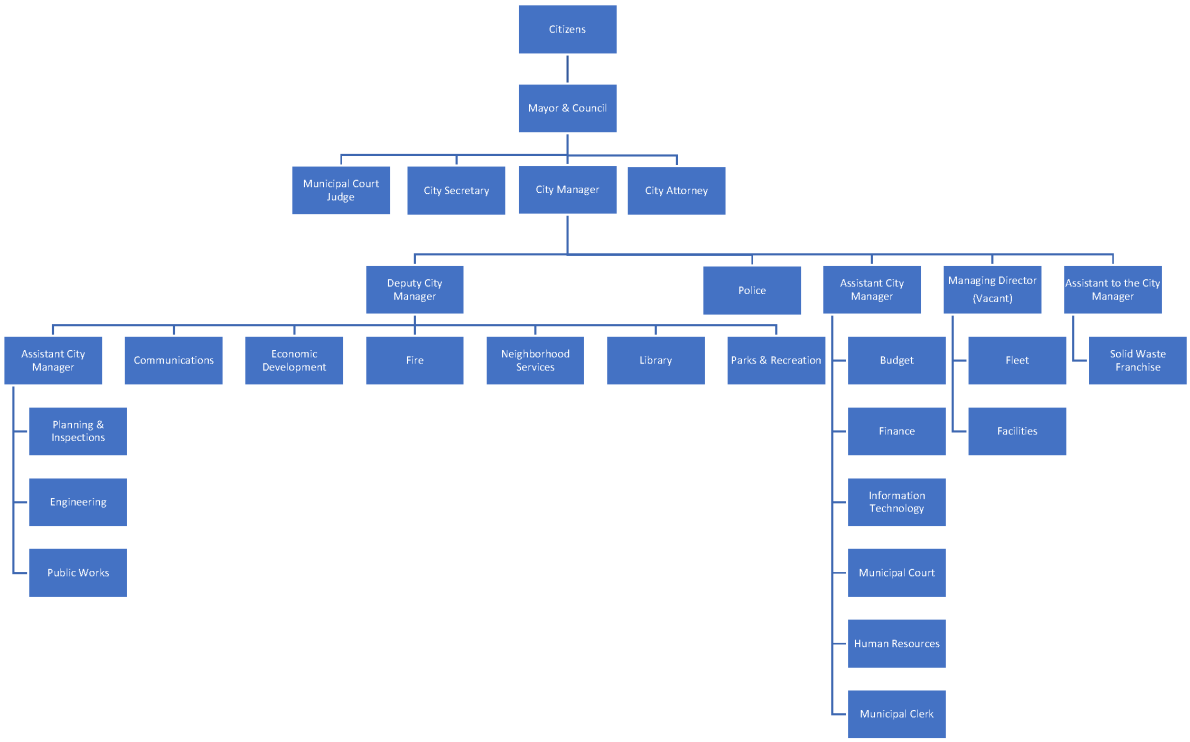
September 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF NORTH RICHLAND HILLS, TEXAS

ORGANIZATIONAL CHART AS OF SEPTEMBER 30, 2023



CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL OFFICIALS
September 30, 2023

CITY COUNCIL

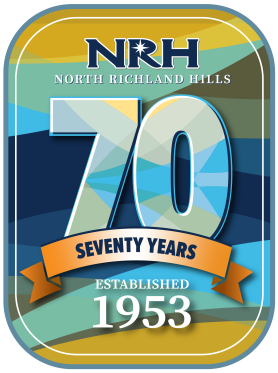
MAYOR	OSCAR TREVINO
COUNCIL MEMBER, PLACE 1	TITO RODRIGUEZ
COUNCIL MEMBER, PLACE 2	RITA WRIGHT OUJESKY
COUNCIL MEMBER, PLACE 3	SUZY COMPTON
COUNCIL MEMBER, PLACE 4	MASON ORR
COUNCIL MEMBER, PLACE 5, ASSOCIATE MAYOR PRO TEM	BLAKE VAUGHN
COUNCIL MEMBER, PLACE 6, DEPUTY MAYOR PRO TEM	SCOTT TURNAGE
COUNCIL MEMBER, PLACE 7, MAYOR PRO TEM	KELVIN DEUPREE

CITY STAFF

City Manager	Mark Hindman
Deputy City Manager	Paulette Hartman
Assistant City Manager	Karen Manila
Assistant City Manager	Caroline Waggoner
Police Chief	Mike Young
City Secretary / Chief Governance Officer	Alicia Richardson
City Attorney	Maleshia McGinnis
Director of Finance	Mark Mills
Director of Budget and Research	Trudy Lewis
Director of Human Resources	Patrick Hillis
Director of Economic Development	Craig Hulse
Director of Planning	Clayton Comstock
Chief Building Official	Dave Pendley
Public Information Officer	Mary Peters
Director of Information Technology	Eric Von Schimmelmann
Municipal Court Administrator	Rebecca Vinson
Director of Neighborhood Services	Stefanie Martinez
Library Director	Cecilia Barham
Fire Chief	Stan Tinney
Director of Public Works	Boe Blakenship
Director of Facilities & Construction	Chris Amarante

Financial Section

NRH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FORVIS

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forvis.com

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills, Texas (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The 2022 financial statements of the governmental activities, before they were restated for the matter discussed in *Note III - G*, were audited by other auditors, and their report thereon, dated March 14, 2023, expressed unmodified opinions on those financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

PRAXITY
A member of the Praxity Global Alliance

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Dallas, Texas
April 15, 2024

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 17).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2023 by $409.4 million (net position).
- The City's total net position increased by $18.1 million in fiscal year 2023 from the restated beginning net position of $391.4 million. Additional details of this change may be found beginning on page 19 (Statement of Activities).
- As of September 30, 2023, the City's governmental funds reported combined fund balances of $129,327,858, which represents an increase of $21.4 million in comparison to the prior fiscal year's ending balance.
- Approximately 22.7% of total governmental fund balance, or $29,301,450, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding fund balance for the General Fund is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $24,300,087 or 42.7% of General Fund actual expenditures, including transfers out, for 2023. This unassigned balance represents 40.4% of the fiscal year 2024 adopted budget.
- The City's total debt increased by approximately $12.2 million during the fiscal year 2023. This is primarily due to the scheduled bond principal payments of $13.1 million and the issuance of $25.5 million in General Obligation Bonds ("GO's") and Certificates of Obligation ("CO's").

Overview of the Financial Statements

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.

- *Business-type activities* – For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found starting on page 17 of the annual comprehensive financial report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City maintains five major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The General Fund, General Capital Projects Fund, General Debt Service Fund, Parks and Recreation Development Fund, and the Grants Fund are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements. Financial statements for the governmental funds can be found starting on page 20 of this report.

- *Proprietary funds* - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The Utility Fund and Aquatic Park are considered major funds. The Golf Fund is considered a non-major enterprise fund. Financial statements for the enterprise funds can be found starting on page 28 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was $409,443,004 as of September 30, 2023. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was $302,872,725 and business-type activities total net position was $106,570,279. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of net position – The largest portion of the City's net position (85.3%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, leases, and subscription assets) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2023 and 2022. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands ($000's)
As of September 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	**2022 ***	**2023**	**2022 ***	**2023**	**2022 ***
Current and other assets	$ 163,680	$ 143,065	$ 68,251	$ 57,677	$ 231,931	$ 200,742
Capital, lease and subscription assets, net	336,753	330,247	85,499	83,723	422,252	413,970
Total Assets	500,433	473,312	153,750	141,400	654,183	614,712
Total Deferred Outflows of Resources	26,537	10,490	5,263	1,700	31,800	12,190
Long-term liabilities	180,709	152,395	41,381	30,957	222,089	183,352
Other liabilities	27,854	5,318	9,521	5,314	37,374	10,632
Total Liabilities	208,562	157,713	50,902	36,271	259,464	193,984
Total Deferred Inflows of Resources	15,535	26,832	1,542	4,037	17,077	30,869
Net Position:						
Net Investments in capital assets	278,154	251,882	71,302	64,814	349,457	316,696
Restricted	19,035	14,551	3,947	5,320	22,982	19,871
Unrestricted	5,684	32,824	31,321	32,658	37,004	65,482
Total Net Position	$ 302,873	$ 299,257	$ 106,570	$ 102,792	$ 409,443	$ 402,049

* 2022 balances have not been restated for Correction of Error

Statement of activities - Governmental activities increased the City's restated net position by $14.3 million in fiscal year 2023, and business-type activities increased net position by $3.8 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2023 and 2022.

Changes in Net Position
Amounts shown in thousands ($000's)
Years Ended September 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022 *	2023	2022 *
Revenues						
Program revenues:						
Charges for services	$ 13,364	$ 14,701	$ 55,770	$ 52,637	$ 69,134	$ 67,338
Operating grants and contributions	11,629	13,154	-	-	11,629	13,154
Capital grants and contributions	3,151	455	-	-	3,151	455
General revenues:						
Property tax	39,005	37,241	-	-	39,005	37,241
Sales tax	27,620	26,399	-	-	27,620	26,399
Mixed beverage	160	151	-	-	160	151
Franchise taxes	4,014	3,756	-	-	4,014	3,756
Occupancy taxes	312	329	-	-	312	329
Grants not restricted to specific programs	4,526	-	-	-	4,526	-
Unrestricted investment earnings	6,236	(787)	1,280	(301)	7,515	(1,088)
Gain on sale of capital assets	116	3,420	-	232	116	3,652
Miscellaneous	665	149	1,161	1,075	1,825	1,224
Total Revenue	110,797	98,968	58,211	53,643	169,008	152,611
Expenses:						
General government	21,587	13,689	-	-	21,587	13,689
Public safety	50,266	29,249	-	-	50,266	29,249
Culture and recreation	14,939	10,017	-	-	14,939	10,017
Public works	9,939	10,137	-	-	9,939	10,137
Interest and other fees	4,441	4,012	-	-	4,441	4,012
Utility	-	-	41,285	35,405	41,285	35,405
Aquatic park	-	-	5,206	4,472	5,206	4,472
Golf course	-	-	3,282	3,063	3,282	3,063
Total Expenses	101,171	67,105	49,774	42,940	150,945	110,045
Increase (decrease) in net position before transfers and special item	9,626	31,864	8,437	10,703	18,063	42,567
Transfers between governmental and business-type activities	4,658	1,379	(4,658)	(1,379)	-	-
Special item	-	(7,548)	-	-	-	(7,548)
Net increase (decrease) in net position	14,284	25,695	3,779	9,324	18,063	35,019
Net Position - Beginning of Year, As Previously Reported	299,257	273,562	102,792	93,468	402,049	367,030
Correction of Error (Note III - G)	(10,668)	-	-	-	(10,668)	-
Net Position - Beginning of Year, As Restated	288,590	273,562	102,792	93,468	391,381	367,030
Net Position - End of Year	$ 302,873	$ 299,257	$ 106,570	$ 102,792	$ 409,444	$ 402,049

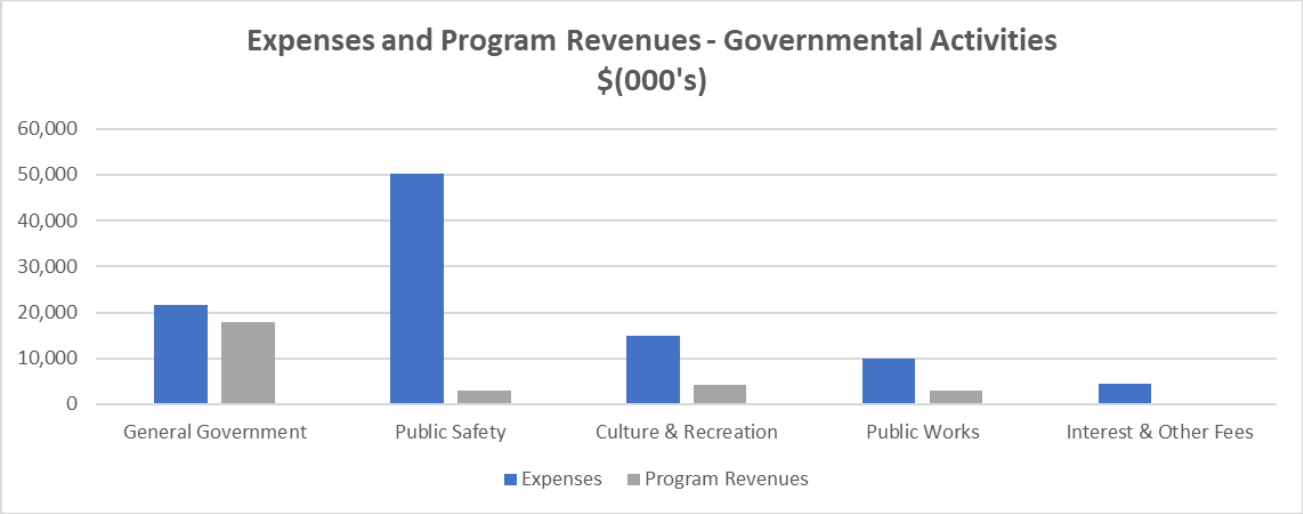
* 2022 balances have not been restated for the Correction of Error

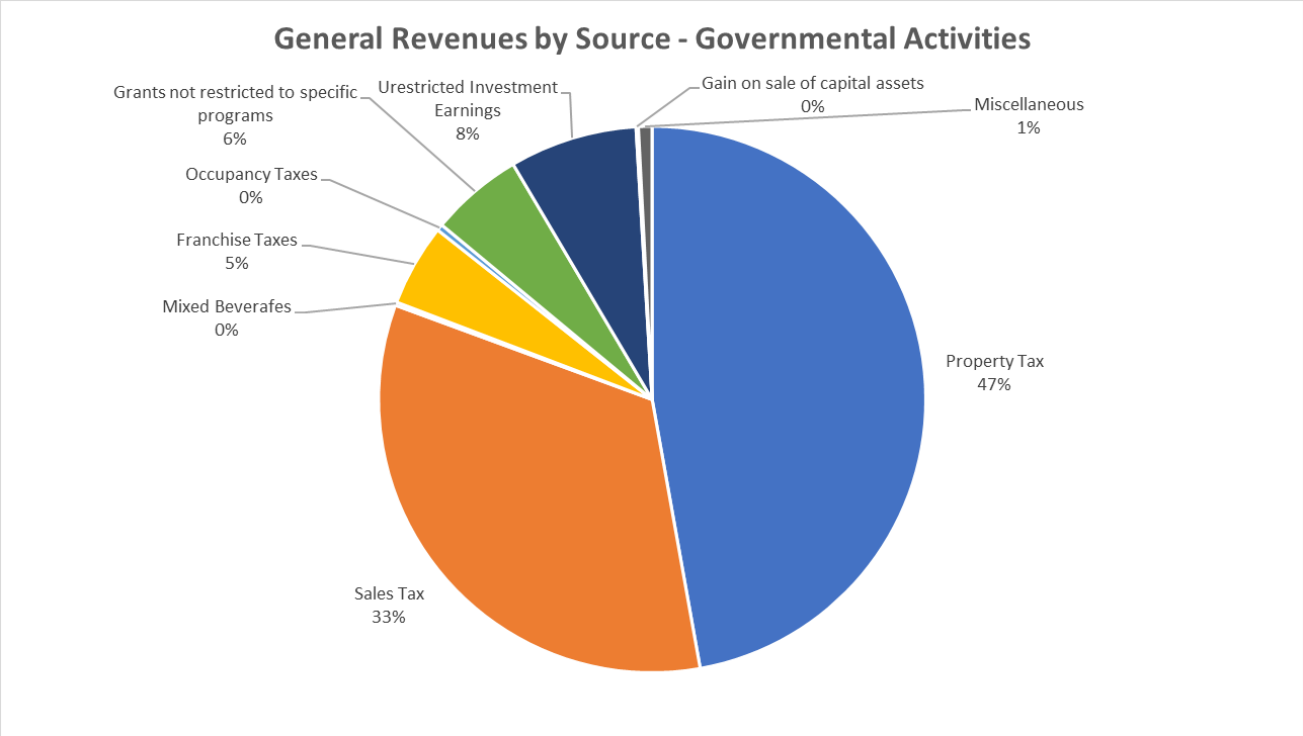
Governmental activities -In comparison to fiscal year 2022, overall assets for Governmental Activities increased $27.1 million or 5.7% in 2023. Capital, lease and subscription assets, net of depreciation, increased $6.5 million or 2.0% in 2023. This activity was related to capital improvement projects, specifically improvements and refurbishments to streets and roadways, drainage, sidewalks, and equipment replacements as well as park improvements, such as the new weather alert stations at several parks, playground equipment replacements, and the Trail and On-Road Safety project. Further, refurbishments to the library and NRH Centre facilities were undertaken as were several technology initiatives. Outstanding debt liabilities increased by $6.6 million or 6.04 % in 2023. This increase was due to the annual debt service payment for all other outstanding debt and the issuance of the 2022 General Obligation and Certificates of Obligation bonds. Total liabilities also increased due to $34.1 million increase in net pension liability.

Governmental activities increased the City's restated net position by approximately $14.3 million in fiscal year 2023. The City had an increase in tax revenues of $3.2 million during 2023. Property taxes increased $1.8 million, sales tax increased by $1.2 million, and franchise taxes increased by $0.3 million. The property tax rate was decreased slightly from $0.572184 to $0.547972. In fiscal year 2023 the City experienced significant growth in its taxable value base. This increase was the result of changes in existing values as well as additional values from new construction. Sales taxes increased 4.6% as a result of continued gains in online sales due in part to the increases on retail prices from inflation and a continuation of home delivery retail shopping.

Rising interest rates accounted for a $7 million improvement in investment earnings. Capital Grants and Contributions increased approximately $2.7 million or 592 % in fiscal year 2023. Significant projects included the North Texas Anti-Gang Center and other Public Safety program activities.

Governmental activities saw a total increase in expenses totaling approximately $34.1 million or approximately 50.8% above 2022 levels. This increase is attributable to increases in general government, public safety and culture & recreation. Pension expense increased over $10.7 million from prior year due to poor market performance during the measurement period. Debt service interest and other fees increased by approximately 10.7%. Refer to the fund level financial analysis section for further details.

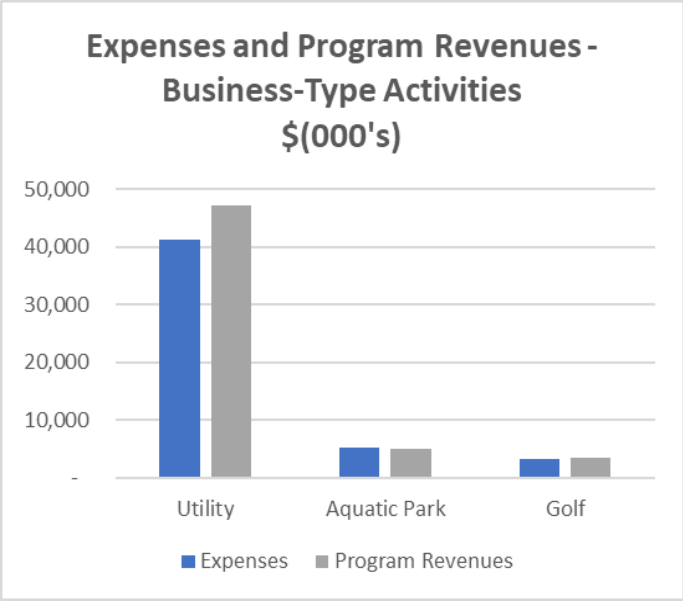


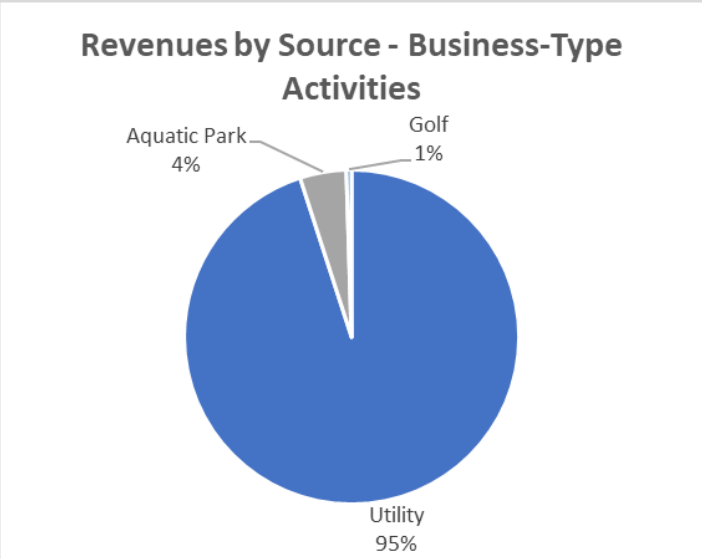

General Revenues by Source - Governmental Activities
Grants not restricted to specific programs 6%
Urestricted Investment Earnings 8%
Gain on sale of capital assets 0%
Miscellaneous 1%
Occupancy Taxes 0%
Franchise Taxes 5%
Mixed Beverafes 0%
Property Tax 47%
Sales Tax 33%

Business-type activities – Business-type activities resulted in an increase to the City's total net position of $3.8 million in 2023. Total net revenue for Business-type activities was approximately $8.4 million, with the Utility fund operations generating $8.3 million of that total. Aquatic park generated $(0.1) million in net revenue/(loss) and Golf Course generated $0.13 million in net revenue. Transfers to other funds reduced the net revenue by $4.7 million.

Aquatic Park and Golf course operations are funded by consumers who patronize each facility. The City owned Golf Course, Iron Horse, is currently managed by KemperSports. Significant upgrades were made to the Golf Course clubhouse and pavilion. Since its renovation in 2020, it has experienced increasing play during each of the past three fiscal years. The Aquatic park celebrated its 29th year of operation in 2023 and saw attendance drop in summer 2023 due to excessive high temperatures. Despite this hurdle, the park experienced increased per-attendee spending during the summer season on 2023 though attendance at the park decreased by 11% over prior year levels.

The Utility Fund generally experienced higher sales in the summer heat which increased revenues. However, increases in the wholesale provider costs for water and sewer services continue to put pressure on the fund. On the whole, the weather demonstrated how sensitive these business-type activities can be in regard to climate conditions.





Fund Level Financial Analysis

Governmental Funds - The focus of the City of North Richland Hills' governmental funds is to provide information on near- term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2023, the City's governmental funds reported combined fund balances of $129,327,858, an increase of $21,427,000 in comparison with prior year. Unassigned fund balance of $24,300,087 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form ($97,369), 2) legally required to be maintained intact or to be used for a particular purpose ($85,020,696), 3) committed for particular purposes ($14,908,343), or 4) assigned for particular purposes ($5,001,363).

The General Fund is the chief operating fund of the City. For fiscal year 2023, the General Fund unassigned fund balance was $24,300,087 – an increase of $5,021,627. Unassigned fund balance represents approximately 44.8% of total General Fund expenditures for 2023, while total fund balance represents 48.3%. The General Fund balance increase was due primarily to higher than anticipated taxes revenue, investment income, and intergovernmental revenues, while offset by an increase in spending.

The General Capital Projects fund increased governmental fund balance by approximately $13.1 million. During fiscal year 2023, the City issued $17.6 million in general obligation bonds and certificates of obligations for current and future capital projects. Of the fund's $10.5 million expenditures, a significant portion can be attributed to improvements in the public street network including, completion of Sunset Road, Stonybrooke Drive, Nob Hill Drive, Dawn Drive, Southampton Drive, Pearl Street, Meadow Oak Drive, Hightower and Davis Traffic signalization, and various other street and sidewalk maintenance projects. Other projects include the addition of a poetry trail to Linda Spurlock Park, completion of the Cross Timbers playground replacement project, and the completion of Perry Outdoor Weather Warning system at six locations in the park system.

General Debt Service fund increased governmental fund balance by $147,342. The increase is associated with increased property tax revenues and transfers from other funds, offset by an increase in the retirement of debt through principal and interest payments for 2023.

Parks and Recreation Development Corporation increased governmental fund balance by $2,113,998 which is primarily due to an increase in sales tax revenues, investment income, and charges for services. Increase in revenues is a result of return to normal operations for the Parks and Recreation department as a whole with an increase in demand for these services.

The Grants Fund increased governmental fund balance by $1,658,225. This resulted in an ending fund balance of $1,301,624, as the fund had a deficit fund balance in 2022 of $356,601. The increase was due primarily to transfers in from other funds and investment income as a result of improved market conditions.

Proprietary Funds - The proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and expenditures by $2,762,897. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. The City continued steady growth, permitting another 115 new single-family homes, with an average value over $450,000. With mortgage interest rates at levels not seen in over 20 years, housing permits experienced a decrease like many cities in the nation, with revenue from Licenses and Permits decreasing by $616,178. Due to continued activity and the earlier than anticipated timing of projects, actual performance outpaced the revised estimate. Based on observed collection trends, estimated Sales Taxes collections were increased $1,769,641. Fine & Forfeitures were decreased by $783,871 based on projections. During the fiscal year, the City experienced lower than anticipated citation issuance, caused by specific activities related to some grant initiatives undertaken by the City and vacant positions.

An area with a significant change in the Revised from the Original Budget was Other Appropriations, which increased by $2,147,409. This change included appropriations for increases to public safety and planned contributions to fund balance.

Final budget compared to actual results. Revenue sources saw positive variances in most operational categories with the planned appropriation of reserves not required. A net negative revenue variance of $92,339 in the tax revenues grouping and a net positive variance of $874,555 in the non-tax revenue groupings resulted from collections received above projections, even after further analysis and an upward revision to most categories. Within expenditures for the fiscal year, operating transfers out exceeded budget by $350,090 due to increased spending on Information Technology requirements.

Capital, Lease, and Subscription Asset and Debt Administration

Capital, lease and subscription assets - At the end of fiscal year 2023, the City had $422.3 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, leases, subscription assets and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities as of September 30, 2023 and 2022.

Capital Assets
(net of Accumulated Depreciation)
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022 *	2023	2022 *
Land and land improvements	$ 80,952	$ 81,148	$ 2,579	$ 2,579	$ 83,532	$ 83,727
Works of art	310	310	-	-	310	310
Buildings & improvements	84,406	88,287	1,996	2,079	86,402	90,366
Other improvements	132,803	135,209	4,583	6,434	137,386	141,643
Utility plant	-	-	62,017	61,877	62,017	61,877
Machinery and equipment	20,134	15,280	7,979	9,215	28,113	24,495
Right-to-use leased equipment	68	98	77	174	144	272
Subscription assets	440	-	-	-	440	-
Assets held for sale	15	15	-	-	15	15
Construction in progress	17,626	9,900	6,267	1,365	23,894	11,265
Total Capital Assets	$ 336,753	$ 330,247	$ 85,499	$ 83,722	$ 422,252	$ 413,970

* 2022 balances have not been restated for the implementation of GASB 96

This year's major additions included:

Description	Amount
Buildings	$ 343,953
Water / Sewer Replacement and Improvements	1,974,979
Street Improvements	1,806,189
Computer, Machinery, and Equipment	3,263,491
Vehicles	590,790

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash and cash equivalents in the Statement of Net Position) totaling $99,740,710 for both the Governmental and Business-type activities. These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets. More information on capital assets can be found in footnote III.C in the Footnotes to the financial statements.

Debt - At September 30, 2023 and 2022, the City had the following debt outstanding:

Outstanding Debt

Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022 *	2023	2022 *
General obligation bonds	$ 74,190	$ 68,730	$ 2,025	$ 2,540	$ 76,215	$ 71,270
Certificates of obligation	32,870	31,500	27,035	20,680	59,905	52,180
General obligation bonds - Private placement	235	300	80	100	315	400
Certificates of obligation - Private placement	-	-	755	815	755	815
Special assessment bonds	7,870	8,050	-	-	7,870	8,050
Lease liabilities	72	98	83	176	155	274
Subscription liabilities	378	-	-	-	378	-
Totals	$ 115,237	$ 108,678	$ 29,978	$ 24,311	$ 145,215	$ 132,989

* 2022 balances have not been restated for the implementation of GASB 96

The presently outstanding general obligation debt of the City is rated "AA2" by Moody's and "AA+" by S&P. As a home rule city, the City is limited by Article XI, Section 5 of the State of Texas Constitution to a maximum tax rate for all purposes of $2.50 per $100 of valuation, though within that figure there is no legal limit upon the amount of taxes which can be levied for debt service. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For fiscal year 2023, the City's property tax rate is $0.547970 per $100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 1.62%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City's history of making those contributions, it provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information ("RSI"), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2023 of $45,544,116, which is 112.0% of the City's annual covered payroll of $40,672,177 for the 2022 calendar year.

Retiree health care's net OPEB liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* to be $29,415,285 as of September 30, 2023, a decrease of $3,219,870 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilization. In June 2019, the Texas state legislature passed Senate Bill 2 (SB-2) which limits the ability of local governments to increase property tax revenues above 3.5% without an affirmative vote of the citizens within the jurisdiction. For budget year 2023/2024 , sales tax receipts are anticipated to be roughly 2% higher than the 2022/2023 actual. Property tax values are anticipated to continue rising due to steady new construction growth. Currently, the City of North Richland Hills projects 5-7% growth in property values.

The fiscal year 2024 budget was based on a 11.97% decrease to the property tax rate from $0.547970/$100 to $0.489389/$100. For fiscal year 2024, the estimated tax rate distribution amounts for maintenance & operations and interest & sinking (per $100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule	Tax Rate	Tax Rate Distribution
General Fund - Maintenance & Operations	$ 0.313583	$ 26,093,764
Debt Service Fund - Interest & Sinking	0.175806	14,253,865
Total Distribution of tax proceeds	$ 0.489389	$ 40,347,629

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

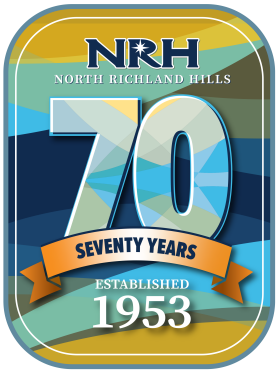
Behind the Book with Candice Millard

Candice Millard, the New York Times bestselling author of *Destiny of the Republic* and *The River of Doubt* and former National Geographic journalist, visited the NRH Library. Candice discussed her latest book, *River of the Gods: Genius, Courage, and Betrayal in the Search for the Source of the Nile,* and shared fascinating stories of her own research with the large and enthusiastic crowd of book lovers. The event also included a ticketed dinner reception with the author and a free book signing.

Bandan Koro

The NRH Library was happy to host the Bandan Koro African Drum and Dance Ensemble for a dynamic and interactive performance of African song and dance as part of their Celebrating Culture Series. Bandan Koro was founded by Tony Browne in 2009 as an outlet to study and share experiences associated with African culture and history with the community at large through the presentation of dance, music, and specialized presentations. The ensemble of musicians, singers, dancers, storytellers, and educators engage with diverse audiences year-round, fostering values of love, pride, cultural engagement, and excellence within the communities that they visit.

Basic Financial Statements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CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 39,710,560	$ 7,270,569	$ 46,981,129
Investments	53,313,642	12,585,363	65,899,005
Receivables, net of allowances	9,975,653	6,994,556	16,970,209
Prepaids	472,586	67,505	540,091
Inventories, at cost	342,679	1,457,403	1,800,082
Interfund balances	500,000	(500,000)	-
Internal balances	(15,786,041)	15,786,041	-
Total current assets	88,529,079	43,661,437	132,190,516
Noncurrent Assets:			
Cash and cash equivalents	75,150,887	24,589,823	99,740,710
Capital assets not being depreciated	98,903,403	8,846,599	107,750,002
Capital, lease and subscription assets, net	237,849,529	76,652,321	314,501,850
Total Noncurrent Assets	411,903,819	110,088,743	521,992,562
Total Assets	500,432,898	153,750,180	654,183,078
Deferred Outflows of Resources			
Deferred loss on refunding	199,288	28,838	228,126
Deferred outflows - OPEB	3,300,537	349,620	3,650,157
Deferred outflows - Pension	23,037,057	4,885,013	27,922,070
Total Deferred Outflows of Resources	26,536,882	5,263,471	31,800,353
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	3,712,893	2,650,603	6,363,496
Deposits and other liabilities	2,315,311	82,552	2,397,863
Customer deposits	-	3,543,524	3,543,524
Unearned revenue	9,235,974	94,501	9,330,475
Retainage payable	246,549	82,994	329,543
Accrued interest payable	615,968	428,522	1,044,490
Arbitrage payable	631,191	133,128	764,319
Due within one year: Bonds, leases, subscriptions, compensated absences	11,095,621	2,505,168	13,600,789
Total Current Liabilities	27,853,507	9,520,992	37,374,499
Noncurrent Liabilities:			
Due in more than one year:			
Intergovernmental payables	-	1,394,614	1,394,614
Net OPEB liability	26,597,831	2,817,454	29,415,285
Net pension liability	37,576,097	7,968,019	45,544,116
Bonds, leases, subscriptions, compensated absences	116,534,584	29,200,534	145,735,118
Total Noncurrent Liabilities	180,708,512	41,380,621	222,089,133
Total Liabilities	208,562,019	50,901,613	259,463,632
Deferred Inflows of Resources			
Deferred gain on refunding	-	45,400	45,400
Deferred inflows - OPEB	14,092,943	1,492,836	15,585,779
Deferred inflows - Pension	16,616	3,523	20,139
Unavailable revenue - leases	1,425,477	-	1,425,477
Total Deferred Inflows of Resources	15,535,036	1,541,759	17,076,795
Net Position			
Net investment in capital assets	278,154,454	71,302,418	349,456,872
Restricted for:			
Municipal court technology & security	881,733	-	881,733
Franchise peg fees	920,167	-	920,167
Records preservation fees	4,000	-	4,000
Parks and recreation development	7,951,887	-	7,951,887
Crime control district	2,543,816	-	2,543,816
Debt service	2,432,729	-	2,432,729
Promotional & economic development	1,876,102	-	1,876,102
Public safety	2,424,334	-	2,424,334
Impact fees restricted for construction	-	3,947,349	3,947,349
Unrestricted	5,683,503	31,320,512	37,004,015
Total Net Position	$ 302,872,725	$ 106,570,279	$ 409,443,004

See notes to the financial statements.

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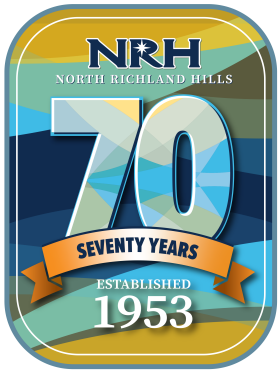
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CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government							
Governmental Activities:							
General government	$ 21,587,224	$ 6,797,882	$ 7,955,917	$ 3,150,822	$ (3,682,603)	$ -	$ (3,682,603)
Public safety	50,266,194	99,924	2,933,999	-	(47,232,271)	-	(47,232,271)
Culture and recreation	14,938,648	4,158,276	13,231	-	(10,767,141)	-	(10,767,141)
Public works	9,938,628	2,307,763	726,119	-	(6,904,746)	-	(6,904,746)
Interest and fiscal charges	4,440,585	-	-	-	(4,440,585)	-	(4,440,585)
Total Governmental Activities	101,171,279	13,363,845	11,629,266	3,150,822	(73,027,346)	-	(73,027,346)
Business-Type Activities:							
Utility	41,285,185	47,255,972	-	-	-	5,970,787	5,970,787
Aquatic park	5,206,451	5,106,502	-	-	-	(99,949)	(99,949)
Golf course	3,281,958	3,407,607	-	-	-	125,649	125,649
Total Business-Type Activities	49,773,594	55,770,081	-	-	-	5,996,487	5,996,487
Total Primary Government	$ 150,944,873	$ 69,133,926	$ 11,629,266	$ 3,150,822	(73,027,346)	5,996,487	(67,030,859)
General Revenues and Transfers:							
Taxes:							
Property					39,004,572	-	39,004,572
Sales					27,620,289	-	27,620,289
Mixed beverage					159,615	-	159,615
Franchise					4,014,100	-	4,014,100
Occupancy					312,158	-	312,158
Grants not restricted to specific programs					4,526,423	-	4,526,423
Net unrestricted investment earnings					6,235,547	1,279,778	7,515,325
Gain on sale of capital assets					115,818	272	116,090
Miscellaneous					664,540	1,160,617	1,825,157
Transfers					4,657,924	(4,657,924)	-
Total General Revenues and Transfers					87,310,986	(2,217,257)	85,093,729
Change in net position					14,283,640	3,779,230	18,062,870
Net Position - Beginning of Year, As Previously Reported					299,256,766	102,791,049	402,047,815
Correction of Error (Note III - G)					(10,667,681)	-	(10,667,681)
Net Position - Beginning of Year, As Restated					288,589,085	102,791,049	391,380,134
Net Position - End of Year					$ 302,872,725	$ 106,570,279	$ 409,443,004

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	$ 11,475,961	$ -	$ -	$ 4,351,186
Investments	13,358,533	10,348,149	799,994	5,469,191
Receivables, net of allowances:				
Accounts	909,120	-	3,784	-
Property taxes	201,061	-	-	-
Other taxes receivable	2,588,360	-	-	1,215,306
Interest receivable	8,191	8,441	491	3,087
Special assessments receivable	-	132,657	-	-
Intergovernmental receivables	-	-	-	-
Lease receivables	1,426,238	-	-	-
Other receivables	355,595	-	-	44,832
Due from other funds	283,622	-	-	-
Inventories, at cost	85,615	-	-	11,754
Assets limited to use:				
Cash and cash equivalents	-	67,928,407	676,317	586,981
Total Assets	$ 30,692,296	$ 78,417,654	$ 1,480,586	$ 11,682,337
Liabilities				
Accounts payable	$ 536,262	$ 1,049,731	$ 1,250	$ 123,926
Retainage payable	-	226,365	-	-
Arbitrage payable	-	631,191	-	-
Accrued liabilities	222,928	-	-	-
Deposits and other liabilities	1,491,071	729,865	-	80,921
Unearned revenue	111,115	11,424	-	114,471
Total Liabilities	2,361,376	2,648,576	1,250	319,318
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	545,891	-	-	-
Unavailable revenue - property taxes	201,061	-	-	-
Unavailable revenue - assessments	-	132,657	-	-
Unavailable revenue - leases	1,392,366	-	-	-
Total Deferred Inflows of Resources	2,139,318	132,657	-	-
Fund Balance				
Nonspendable:				
Inventory	85,615	-	-	11,754
Restricted:				
Municipal court technology & security	881,733	-	-	-
Franchise peg fees	920,167	-	-	-
Record preservation fees	4,000	-	-	-
Parks and recreation development	-	-	-	7,951,887
Crime control district	-	-	-	-
Debt service	-	-	1,479,336	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	65,942,596	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Capital projects	-	8,091,840	-	-
Assigned:				
Recreation centre	-	-	-	3,399,378
Capital projects	-	1,601,985	-	-
Unassigned	24,300,087	-	-	-
Total Fund Balance	26,191,602	75,636,421	1,479,336	11,363,019
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 30,692,296	$ 78,417,654	$ 1,480,586	$ 11,682,337

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2023

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 6,672,788	$ 5,707,004	$ 28,206,939
Investments	75,862	5,551,686	35,603,415
Receivables, net of allowances:			
Accounts	-	231,705	1,144,609
Property taxes	-	-	201,061
Other taxes receivable	-	1,300,545	5,104,211
Interest receivable	47	3,405	23,662
Special assessments receivable	-	-	132,657
Intergovernmental receivables	1,382,167	-	1,382,167
Lease receivables	-	-	1,426,238
Other receivables	3,857	-	404,284
Due from other funds	-	-	283,622
Inventories, at cost	-	-	97,369
Assets limited to use:			
Cash and cash equivalents	2,370,341	1,006,676	72,568,722
Total Assets	$ 10,505,062	$ 13,801,021	$ 146,578,956
Liabilities			
Accounts payable	$ 184,290	$ 431,711	$ 2,327,170
Retainage payable	20,184	-	246,549
Arbitrage payable	-	-	631,191
Accrued liabilities	-	-	222,928
Deposits and other liabilities	-	13,454	2,315,311
Unearned revenue	8,998,964	-	9,235,974
Total Liabilities	9,203,438	445,165	14,979,123
Deferred Inflows of Resources			
Unavailable revenue - ambulance fees	-	-	545,891
Unavailable revenue - property taxes	-	-	201,061
Unavailable revenue - assessments	-	-	132,657
Unavailable revenue - leases	-	-	1,392,366
Total Deferred Inflows of Resources	-	-	2,271,975
Fund Balance			
Nonspendable:			
Inventory	-	-	97,369
Restricted:			
Municipal court technology & security	-	-	881,733
Franchise peg fees	-	-	920,167
Record preservation fees	-	-	4,000
Parks and recreation development	-	-	7,951,887
Crime control district	-	2,543,816	2,543,816
Debt service	-	953,393	2,432,729
Promotional & economic development	-	1,876,102	1,876,102
Public safety	1,301,624	1,122,710	2,424,334
Capital projects (bond funded)	-	43,332	65,985,928
Committed:			
Donations	-	798,646	798,646
Drainage Utility	-	3,212,286	3,212,286
Gas development	-	2,805,571	2,805,571
Capital projects	-	-	8,091,840
Assigned:			
Recreation centre	-	-	3,399,378
Capital projects	-	-	1,601,985
Unassigned	-	-	24,300,087
Total Fund Balance	1,301,624	13,355,856	129,327,858
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 10,505,062	$ 13,801,021	$ 146,578,956

See notes to the financial statements.

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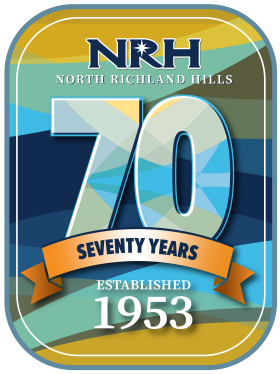
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CITY OF NORTH RICHLAND HILLS, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Fund Balances - Governmental Funds	**$**	**129,327,858**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of $10,835,538, which are allocated to governmental activities.		325,917,394
Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows of resources in the statement of net position.		199,288
Accrued interest on governmental activities debt is not reported in the funds until paid, excluding internal service funds of $5,263.		(610,705)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		879,609
The internal service funds are used by management to charge the cost of certain activities, such as building and vehicle support services, self insurance, and information services, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds that are attributable to governmental activities are included in the government-wide financial statements.		20,722,343
Included in the items related to long-term liabilities is the recognition of the City's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of $23,037,057 deferred inflows of resources in the amount of $16,616, and the net pension liability of $37,576,097, excluding internal service funds of $(2,249,863).		(12,305,793)
Included in the items related to long-term liabilities is the recognition of the City's net OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of $3,300,537, deferred inflows of resources in the amount of $14,092,943, and the net OPEB liability of $26,597,831, excluding internal service funds of $(2,925,347).		(34,464,890)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds of $582,160.		(4,301,518)
Long-term liabilities excluding compensated absences, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows, excluding internal service funds:		
Due in one year		(10,672,329)
Due in more than one year		(111,818,532)
Total Net Position - Governmental Activities	**$**	**302,872,725**

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Revenues				
Taxes	$ 43,308,394	$ -	$ 13,507,630	$ 6,909,918
Licenses and permits	2,009,138	-	-	-
Charges for services	2,820,125	13,231	-	4,006,168
Gas utility leases and royalties	-	-	-	-
Fines	1,334,004	-	-	-
Contributions	9,776	300	-	-
Special assessments	-	-	-	-
Investment income	1,239,101	2,686,012	75,397	313,235
Intergovernmental	5,067,321	226,269	63,068	-
Forfeitures	-	-	-	-
Miscellaneous	365,656	-	-	25
Total Revenues	56,153,515	2,925,812	13,646,095	11,229,346
Expenditures				
General government	13,551,468	-	-	-
Public safety	33,284,309	-	-	-
Culture and recreation	3,944,118	-	-	7,332,366
Public works	3,422,075	-	-	-
Capital Outlay	38,878	9,346,908	-	-
Debt service:				
Principal retirement	32,434	-	10,855,000	3,542
Interest and fiscal charges	720	631,191	3,525,402	16,265
Bond issuance costs	-	518,072	-	-
Total Expenditures	54,274,002	10,496,171	14,380,402	7,352,173
Excess (deficiency) of revenues over expenditures	1,879,513	(7,570,359)	(734,307)	3,877,173
Other Financing Sources (Uses)				
Issuance of debt	-	17,620,000	-	-
Leases issued	16,998	-	-	-
Premium on issuance of debt	-	1,648,072	-	-
Proceeds from sale of assets	3,087	-	-	1,683
Insurance recoveries	16,036	-	-	-
Transfers in	5,419,243	4,583,665	881,649	487,102
Transfers out	(2,700,644)	(3,215,901)	-	(2,251,960)
Total Other Financing Sources (Uses)	2,754,720	20,635,836	881,649	(1,763,175)
Net change in fund balances	4,634,233	13,065,477	147,342	2,113,998
Fund Balances (Deficit) - Beginning of Year	21,557,369	62,570,944	1,331,994	9,249,021
Fund Balances - End of Year	$ 26,191,602	$ 75,636,421	$ 1,479,336	$ 11,363,019

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ -	$ 7,388,094	$ 71,114,036
Licenses and permits	-	-	2,009,138
Charges for services	-	1,770,389	8,609,913
Gas utility leases and royalties	-	545,430	545,430
Fines	-	-	1,334,004
Contributions	-	204,756	214,832
Special assessments	-	499,850	499,850
Investment income	197,273	621,167	5,132,185
Intergovernmental	9,962,276	440,605	15,759,539
Forfeitures	-	117,638	117,638
Miscellaneous	1,718	-	367,399
Total Revenues	10,161,267	11,587,929	105,703,964
Expenditures			
General government	863,745	2,432,590	16,847,803
Public safety	6,457,374	7,423,088	47,164,771
Culture and recreation	7,075	202,033	11,485,592
Public works	-	645,829	4,067,904
Capital Outlay	2,039,218	98,001	11,523,005
Debt service:			
Principal retirement	-	183,164	11,074,140
Interest and fiscal charges	-	378,874	4,552,452
Bond issuance costs	-	-	518,072
Total Expenditures	9,367,412	11,363,579	107,233,739
Excess (deficiency) of revenues over expenditures	793,855	224,350	(1,529,775)
Other Financing Sources (Uses)			
Issuance of debt	-	-	17,620,000
Leases issued	-	-	16,998
Premium on issuance of debt	-	-	1,648,072
Proceeds from sale of assets	-	351,459	356,229
Insurance recoveries	-	-	16,036
Transfers in	864,370	172,748	12,408,777
Transfers out	-	(940,832)	(9,109,337)
Total Other Financing Sources (Uses)	864,370	(416,625)	22,956,775
Net change in fund balances	1,658,225	(192,275)	21,427,000
Fund Balances (Deficit) - Beginning of Year	(356,601)	13,548,131	107,900,858
Fund Balances - End of Year	$ 1,301,624	$ 13,355,856	$ 129,327,858

See notes to the financial statements.

NRH Sounds of Spring provides six weekly concerts at the NRH City Hall with free live music by some of the region's best live performers under the stars.

CITY OF NORTH RICHLAND HILLS, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Net Change in Fund Balances - Governmental Funds	**$**	**21,427,000**
Amounts reported for governmental activities in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		(460,962)
This amount is the amount of governmental activities capital asset additions for the current period, $20,448,697 less $3,141,444 in capital contributions and $5,784,248 of additions allocated from the internal service funds.		11,523,005
Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes $662,792 of depreciation/amortization in the internal service funds.		(13,555,009)
Donation of property is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue.		3,141,444
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to decrease net position.		(288,065)
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(71,954)
The issuance of long-term debt (e.g. bonds, leases, etc) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, and excludes issuance of subscription liabilities and repayment of principal on subscription liabilities that are reflected in the internal service funds.		
Issuance of leases		(16,998)
Issuance of debt		(17,620,000)
Premium on issuance of long-term debt		(1,648,072)
Repayment of principal on long-term debt		11,035,000
Repayment of principal on leases, excluding internal service funds of $3,863		39,140
Amortization of:		
Premium on issuance of long-term debt		1,094,382
Current year change in accrued interest payable requires the use of current financial resources; but it is not reported as an expense in the government-wide statements, excluding internal service funds of $5,263.		(168,706)
Current year changes in certain long-term liabilities (do)/do not require the use of current financial resources and, therefore, are/(are not) reported as expenditures in governmental funds.		
Net Pension liability and related deferred outflows and inflows of resources		(1,733,820)
Net OPEB liability and related deferred outflows and inflows of resources		(1,177,265)
Compensated absences liability		(650,876)
The internal service fund is used by management to charge the costs of certain activities, such as facilities and construction services, fleet services, self insurance, and information technology, to individual funds. The change in net position of the internal service funds attributed to governmental activities is to increase net position.		3,415,396
Change in Net Position of Governmental Activities	$	14,283,640

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	$ 6,671,523	$ -	$ 599,046	$ 7,270,569	$ 11,503,621
Investments	11,468,890	1,081,991	34,482	12,585,363	17,710,227
Accounts receivable, net of allowances:					
Billed	4,167,025	-	-	4,167,025	-
Unbilled	2,728,636	-	-	2,728,636	-
Other	-	70,345	20,781	91,126	117,407
Interest receivable	7,033	715	21	7,769	10,860
Lease receivable	-	-	-	-	28,497
Prepaid items	5,987	-	61,518	67,505	472,586
Inventories, at cost	1,329,038	31,804	96,561	1,457,403	245,310
Total current assets	26,378,132	1,184,855	812,409	28,375,396	30,088,508
Noncurrent assets:					
Restricted cash and cash equivalents	23,801,310	716,160	72,353	24,589,823	2,582,165
Interfund loan receivable	-	-	-	-	500,000
Capital, lease and subscription assets - net:					
Land	75,366	745,771	1,758,000	2,579,137	-
Buildings and improvements	9,665	2,465,964	802,762	3,278,391	176,155
Other improvements	-	4,186,552	7,078,528	11,265,080	810,141
Utility plant in service	153,820,867	-	-	153,820,867	-
Machinery and equipment	977,388	20,283,092	7,606,833	28,867,313	15,864,552
Leased equipment	7,046	2,915	256,692	266,653	9,863
Subscription assets	-	-	-	-	586,973
Construction in progress	5,095,298	1,172,164	-	6,267,462	2,849,576
Accumulated depreciation/amortization	(94,517,272)	(17,744,405)	(8,584,306)	(120,845,983)	(9,461,722)
Total capital, lease and subscription assets - net	65,468,358	11,112,053	8,918,509	85,498,920	10,835,538
Total noncurrent assets	89,269,668	11,828,213	8,990,862	110,088,743	13,917,703
Total Assets	115,647,800	13,013,068	9,803,271	138,464,139	44,006,211
Deferred Outflows of Resources					
Deferred loss on refunding	22,803	6,035	-	28,838	-
Deferred outflows - OPEB	296,953	52,667	-	349,620	258,228
Deferred outflows - Pension	4,333,242	551,771	-	4,885,013	3,560,832
Total Deferred Outflows of Resources	4,652,998	610,473	-	5,263,471	3,819,060

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2023

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Internal Service Funds
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	$ 2,554,935	$ 16,587	$ 162,005	$ 2,733,527	$ 171,319
Due to other funds	-	-	-	-	283,622
Deposits and other liabilities	79,384	3,168	-	82,552	991,476
Customer deposits	3,543,524	-	-	3,543,524	-
Compensated absences	60,661	4,131	-	64,792	57,471
Unearned revenue	-	26,171	68,330	94,501	-
Accrued interest payable	298,211	80,659	49,652	428,522	5,263
Arbitrage payable	133,128	-	-	133,128	-
Intergovernmental payables	1,394,614	-	-	1,394,614	-
Bonds payable	1,710,000	435,000	215,000	2,360,000	-
Lease liabilities	2,727	1,128	76,521	80,376	3,818
Subscription liabilities	-	-	-	-	138,440
Total current liabilities	9,777,184	566,844	571,508	10,915,536	1,651,409
Noncurrent Liabilities:					
Bonds payable	22,365,075	3,452,571	2,863,271	28,680,917	-
Lease liabilities	1,591	658	-	2,249	2,228
Subscription liabilities	-	-	-	-	239,398
Compensated absences	404,549	112,819	-	517,368	396,471
Interfund loan payable	-	500,000	-	500,000	-
Net OPEB liability	2,393,030	424,424	-	2,817,454	2,080,968
Net pension liability	7,068,017	900,002	-	7,968,019	5,808,127
Total noncurrent liabilities	32,232,262	5,390,474	2,863,271	40,486,007	8,527,192
Total Liabilities	42,009,446	5,957,318	3,434,779	51,401,543	10,178,601
Deferred Inflows of Resources					
Deferred gain on refunding	37,502	5,304	2,594	45,400	-
Deferred inflows - OPEB	1,267,954	224,882	-	1,492,836	1,102,607
Deferred inflows - Pension	3,125	398	-	3,523	2,568
Deferred inflows - Leases	-	-	-	-	33,111
Total Deferred Inflows of Resources	1,308,581	230,584	2,594	1,541,759	1,138,286
Net Position					
Net investment in capital assets	57,601,708	7,939,587	5,761,123	71,302,418	10,452,778
Impact fees restricted for construction	3,947,349	-	-	3,947,349	-
Unrestricted net position (deficit)	15,433,714	(503,948)	604,775	15,534,541	26,055,606
Total Net Position (Deficit)	$ 76,982,771	$ 7,435,639	$ 6,365,898	$ 90,784,308	$ 36,508,384

Reconciliation to business-type activities:	
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.	15,786,041
Net Position of business-type activities	$ 106,570,279

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Internal Service Funds
Operating Revenues					
Charges for services:					
Water and sewer service	$ 43,784,266	$ -	$ -	$ 43,784,266	$ -
Service charges	1,219,180	-	-	1,219,180	-
Inspection fees	33,785	-	-	33,785	-
Golf course fees and charges	-	-	3,248,634	3,248,634	-
Aquatic park admissions and services	-	4,868,271	-	4,868,271	-
Risk management	-	-	-	-	14,692,004
Facilities and fleet management	-	-	-	-	7,558,803
Information systems management	-	-	-	-	4,394,543
Miscellaneous revenues	1,144,270	13,206	-	1,157,476	594,183
Total Operating Revenues	46,181,501	4,881,477	3,248,634	54,311,612	27,239,533
Operating Expenses					
Claims	-	-	-	-	10,606,181
Contractual services	6,587,267	1,324,975	-	7,912,242	3,663,686
Water purchases	12,494,232	-	-	12,494,232	-
Wastewater treatment services	7,368,448	-	-	7,368,448	-
Personnel services	7,124,902	1,994,796	-	9,119,698	5,392,345
Golf course sales and service	-	-	2,760,753	2,760,753	-
Repairs and maintenance	1,915,235	167,369	-	2,082,604	1,533,436
Supplies	256,121	650,000	-	906,121	1,645,211
Depreciation/amortization	4,395,889	952,337	322,597	5,670,823	662,792
Total Operating Expenses	40,142,094	5,089,477	3,083,350	48,314,921	23,503,651
Operating income (loss)	6,039,407	(208,000)	165,284	5,996,691	3,735,882
Nonoperating Revenues (Expenses)					
Investment income	1,171,299	96,270	12,209	1,279,778	1,115,959
Interest expense	(1,003,307)	(116,974)	(198,608)	(1,318,889)	(223,783)
Bond issuance costs	(139,784)	-	-	(139,784)	-
Other income	16,961	316	-	17,277	30,663
Gain (loss) on disposal of assets	-	272	-	272	-
Total Nonoperating Revenues (Expenses)	45,169	(20,116)	(186,399)	(161,346)	922,839
Income (loss) before transfers	6,084,576	(228,116)	(21,115)	5,835,345	4,658,721
Transfers					
Transfers in	-	-	-	-	3,643,749
Transfers out	(4,657,924)	-	-	(4,657,924)	(2,285,265)
Total Transfers - Net	(4,657,924)	-	-	(4,657,924)	1,358,484
Change in net position	1,426,652	(228,116)	(21,115)	1,177,421	6,017,205
Net Position - Beginning of Year	75,556,119	7,663,755	6,387,013	89,606,887	30,491,179
Net Position - End of Year	$ 76,982,771	$ 7,435,639	$ 6,365,898	$ 90,784,308	$ 36,508,384

Reconciliation to business-type activities:	
Change in net position of enterprise funds	$ 1,177,421
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.	2,601,809
Change in net position of business-type activities	$ 3,779,230

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Nonmajor Golf	Total Enterprise	Internal Services
Cash flows from operating activities:					
Receipts from customers	$ 45,162,441	$ 4,879,587	$ 3,254,252	$ 53,296,280	$ -
Receipts from (payments for) interfund services provided	-	-	-	-	27,251,386
Payments to suppliers	(28,392,504)	(2,140,936)	(2,770,374)	(33,303,814)	(17,261,440)
Payments to employees	(5,992,426)	(1,916,074)	-	(7,908,500)	(4,349,153)
Net cash provided by operating activities	10,777,511	822,577	483,878	12,083,966	5,640,793
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	-	3,643,749
Transfers to other funds	(4,657,924)	-	-	(4,657,924)	(2,285,265)
Other noncapital financing receipts	16,961	316	-	17,277	30,663
Net cash provided by (used for) noncapital financing activities	(4,640,963)	316	-	(4,640,647)	1,389,147
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(6,213,349)	(1,198,773)	(36,004)	(7,448,126)	(5,908,063)
Proceeds from capital debt	7,865,000	-	-	7,865,000	-
Principal paid on capital debt and leases	(1,306,273)	(588,076)	(303,764)	(2,198,113)	(65,279)
Interest paid on capital debt and leases	(756,613)	(48,927)	(158,860)	(964,400)	(218,520)
Proceeds from sale of capital assets	-	272	-	272	-
Net cash provided by (used for) capital and related financing activities	(411,235)	(1,835,504)	(498,628)	(2,745,367)	(6,191,862)
Cash flows from investing activities:					
Sale (purchase) of investments, net	(1,915,558)	265,206	147,283	(1,503,069)	(2,442,002)
Interest and dividends received	1,171,299	96,270	12,209	1,279,778	1,115,959
Net cash provided by (used for) investing activities	(744,259)	361,476	159,492	(223,291)	(1,326,043)
Net increase (decrease) in cash and cash equivalents	4,981,054	(651,135)	144,742	4,474,661	(487,965)
Cash and cash equivalents, beginning of year	25,491,779	1,367,295	526,657	27,385,731	14,573,751
Cash and cash equivalents, end of year	30,472,833	716,160	671,399	31,860,392	14,085,786
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and cash equivalents - current	6,671,523	-	599,046	7,270,569	11,503,621
Cash and cash equivalents - noncurrent	23,801,310	716,160	72,353	24,589,823	2,582,165
Total cash and cash equivalents	30,472,833	716,160	671,399	31,860,392	14,085,786
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	6,039,407	(208,000)	165,284	5,996,691	3,735,882
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization expense	4,395,889	952,337	322,597	5,670,823	662,792
(Increase) decrease in accounts receivable	(1,098,824)	(1,890)	5,618	(1,095,096)	11,853
(Increase) decrease in prepaid items	826	-	(12,241)	(11,415)	60,446
(Increase) decrease in inventories	(895,599)	6,508	1,205	(887,886)	(17,558)
(Increase) decrease in deferred outflows of resources - pension	(3,672,129)	(439,180)		(4,111,309)	(3,069,878)
(Increase) decrease in deferred outflows of resources - OPEB	473,280	77,684		550,964	291,749
Increase (decrease) in accounts payable	1,293,627	(18,058)	(3,015)	1,272,554	155,873
Increase (decrease) in other current liabilities	-	-	-	-	-
Increase (decrease) in retainage payable	-	-	-	-	-
Increase (decrease) in customer deposits	79,764	-	-	79,764	-
Increase (decrease) in compensated absences	76,393	19,484	-	95,877	85,352
Increase (decrease) in unearned revenues	(263)	12,958	4,430	17,125	-
Increase (decrease) in intergovernmental payables	92,155	-	-	92,155	-
Increase (decrease) in deferred inflows of resources - pension	(1,651,232)	(279,882)	-	(1,931,114)	(1,205,045)
Increase (decrease) in deferred inflows of resources - OPEB	(506,838)	(69,522)	-	(576,360)	(101,067)
Increase (decrease) in deferred inflows of resources - leases	-	-	-	-	(11,687)
Increase (decrease) in net pension/OPEB liabilities	6,151,055	770,138	-	6,921,193	5,042,081
Total Adjustments	4,738,104	1,030,577	318,594	6,087,275	1,904,911
Net cash provided by operating activities	$ 10,777,511	$ 822,577	$ 483,878	$ 12,083,966	$ 5,640,793

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

September 30, 2023

	OPEB Trust
Assets	
Investments, at fair value:	
Investments in master trust	$ 2,635,240
Total Assets	$ 2,635,240
Net Position	
Restricted for other post employment benefits	$ 2,635,240
Total Net Position	$ 2,635,240

See notes to the financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS

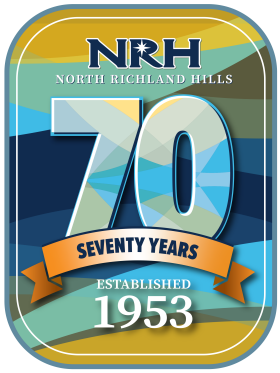
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

For the Year Ended September 30, 2023

	OPEB Trust
Additions	
Contributions:	
Employer	$ 949,944
Net investment income (loss)	(436,311)
Total Additions	513,633
Deductions	
Benefit payments	849,944
Administrative expenses	15,956
Total Deductions	865,900
Change in net position	(352,267)
Net Position - Beginning	2,987,507
Net Position - Ending	$ 2,635,240

See notes to the financial statements.

NRH


NRH
NORTH RICHLAND HILLS
70
SEVENTY YEARS
ESTABLISHED
1953

Note I - Summary of Significant Accounting Policies

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete. The City currently has no discretely presented component units.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Refinancing Zone #3 ("TIF #3") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #3. TIF #3 is primarily located in the immediate area around the NRH City Hall municipal complex and designed to promote development on one of the last few undeveloped areas in the City. Included in this development is a Public Improvement District ("PID") through which the underground and surface infrastructure was constructed. The TIF # 3 board consists of representatives from the City Council and Tarrant County.

The TIF #3 meets the criteria for blending as the City Council and TIF #3 Board is substantially the same. In addition, although another entity is involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF #3, and management of the City has day-to-day operational responsibility for the activities of the TIF #3.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits obligations, and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. Financing is provided from taxes (primarily sales) and charges for services.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The City reports the following major proprietary funds:

The Utility Fund accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund accounts for the operation of NRH$_2$O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long-term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post- employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital, lease and subscription assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Cash and cash equivalents consist of bank deposits and investments with an original maturity of three months or less, including investment pools. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase. Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government's investment pools operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2023, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by City Charter to $1.50 per $100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2023 was $0.54797 per $100 of assessed valuation.

Lease Receivable

The City is a lessor for noncancellable leases related to cellular towers, building space, and billboards. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories and prepaid items

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the governmental activities balance sheet or proprietary funds statement of net position because their use is limited. The "debt service reserve funds" are used to segregate resources accumulated for outstanding debt. The "construction funds" account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

Restricted assets defined as noncurrent assets in the Utility Fund are customer deposits and impact fees. The limitation for customer deposits is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement. Impact fees are a restriction imposed by the City's governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five-year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets to be used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. The equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets to be used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims. Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay should the need occur.

Assets limited to use

Certain assets are restricted by various legal and contractual obligations. Certain proceeds of bonds, certain resources set aside for the repayment or bonds, grant funds, donations, and other resources, are classified as noncurrent assets or assets limited to use on the statement of net position/balance sheet because their use is limited by applicable bond covenants or contractual agreements.

The Parks and Recreation Development Fund and the Grants Fund contain assets restricted for specific activities and projects.

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The "transition" term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least $5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable (except for intangible right-to-use leased assets). Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life	Capitalization Threshold
Land	N/A	$ -
Buildings and improvements	30 years	100,000
Other improvements	30 years	100,000
Water, sewer system and other infrastructure	33 years	100,000
Furniture and fixtures, & certain machinery and equipment	10 years	5,000
Firetrucks and ambulances	20 years	5,000
Other machinery and equipment including vehicles	3-12 years *	5,000

** Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy.*

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straightline basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Differences between expected and actual economic experience for the City's pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Differences between expected and actual economic experience for the City's pension and OPEB plans – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.

- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, ambulance fees and assessments.

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees. In the event of termination, an employee will be paid for all unused vacation leave credit upon separation from employment with the City. Employees who are eligible to utilize their accrued vacation but who have not completed their probationary period are not eligible to be paid for unused vacation at the time of separation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Unearned revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures. The Aquatic Park fund and Golf fund report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of advance payments, gift certificates, store credit and deposits.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long- term debt and other long- term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and gains/losses on bond refunding transactions are deferred and amortized over the life of the related debt. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Liability

The City is a lessee for noncancellable leases of vehicles, equipment, and other machinery. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require are measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital, lease and subscription assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscription Liability

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

The City has a single employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund balance

Fund balances are reported within one of the fund balance categories listed below:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.
- Capital Projects funds that are not bond proceeds restricted by legal provisions are committed by council resolution to be utilized for capital projects.

Assigned Fund Balance Policy

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds.
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

During fiscal year 2023, the City adopted the following GASB standards:

GASB Statement No. 91, *Conduit Debt Obligations*. This standard clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This standard provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The adoption of this standard had no impact on the City.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the City.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities.

As a result of implementing this standard the City recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note II - C and E*.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2023. The City will evaluate the potential impact on the City's net position, if any.

Statement No.	Title	Adoption Required
100	*Accounting Changes and Error Correction*	September 30, 2024
101	*Compensated Absences*	September 30, 2025
102	*Certain Risk Disclosures*	September 30, 2025

Note II - Detailed Notes on all Funds

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash and Cash Equivalents" and "Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity. State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2023, the bank balances of the City's demand deposits were $8,967,448. Accounts with under $250,000 balance of either an interest-bearing account or non-interest-bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been materially collateralized and meets the statutes' requirements.

As of September 30, 2023, the City's cash and investment pool portfolio are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase. The City's cash and investment portfolio, excluding the fiduciary fund, held the following cash, cash equivalents, and investments as of September 30, 2023:

Cash on hand (petty cash, cashier tills)	$	31,220
Demand Deposit Accounts		10,005,932
Investment Pools		133,618,633
Federal Agency Bond/Note		25,429,881
Federal Agency Commercial Mortgage-Back Securities		136,297
Municipal Bond/Note		17,697,944
Commercial Paper		7,549,842
U.S. Treasury Bond/Note		18,151,095
Total Deposits and Investments	$	212,620,844

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2023, the City did not own any types of securities other than those permitted by statute.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. TexasRange is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. TexPool is carried at amortized cost and TexasRange is carried at net asset value.

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's website. As of September 30, 2023, the City held the following investments:

Investment Type	WAM	S&P Rating	Moody Rating	Carrying Value
Investment Pools:				
TexPool	1	AAAm	N/A	$ 115,450,402
TexasRange	1	AAAm	N/A	18,168,231
Federal Agency Bond/Note	1,115	AA+	Aaa	25,429,881
Federal Agency Commercial Mortgage-Backed Securities	55	AA+	Aaa	136,297
Municipal Bond/Note	1,167	A+, AA, AA+	A2, Aa1, Aa2, Aa3	17,697,944
Commercial Paper	178	AAA	Aaa	7,549,842
U.S. Treasury Bond/Note	601	AA+	Aaa	18,151,095
Total Portfolio	293			$ 202,583,692

In accordance with GASB Statement No. 72, *"Fair Value Measurement and Application,"* the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

Interest Rate Risk

Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent. In conjunction with JP Morgan Chase, the City has exercised the option to accept a Federal Home Loan Bank Irrevocable Standby Letter of Credit, as the first $9,600,000 of collateral.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

Maturity of Collateral	U.S. Treasuries	Other Securities
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on fair value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk

The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

Other Post-Employment Benefit ("OPEB") Trust Fund Investments

The City has contracted with Public Agency Retirement Services ("PARS") for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of September 30, 2023 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of $2,635,240 as of December 31, 2022. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to ensure that exposure to these market fluctuations is appropriate.

- Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collateral agreement or FDIC insurance.

- Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Investments measured at fair value:				
Federal Agency Bond/Note	$ 25,429,881	$ 5,549,035	$ 19,880,846	$ -
Federal Agency Commercial Mortgage-Backed Securities	136,297	-	136,297	-
Municipal Bond/Note	17,697,944	871,820	16,826,124	-
Commercial Paper	7,549,842	-	7,549,842	-
U.S. Treasury Bond/Note	18,151,095	18,151,095	-	-
Investment in OPEB Trust	2,635,240	-	-	2,635,240
Total investments measured at fair value	$ 71,600,299	$ 24,571,950	$ 44,393,109	$ 2,635,240
Investments measured at net asset value - TexasRange	18,168,231			
Investments measured at amortized cost - TexPool	115,450,402			
Total investments	$ 205,218,932			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient or amortized cost have not been classified in the fair value hierarchy.

Investments in State Investment Pools

During the year, the City invested in multiple public investment pools, including TexPool and TexasRange. TexasRange is measured at net asset value and are designed to approximate the share value, while TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants Fund	Non-major Governmental Funds	Total Governmental Funds
Accounts	$ 1,789,952	$ -	$ 3,784	$ -	$ -	$ 235,024	$ 2,028,760
Property taxes	1,043,488	-	-	-	-	-	1,043,488
Other taxes	2,588,360	-	-	1,215,306	-	1,300,545	5,104,211
Interest	8,191	8,441	491	3,087	47	3,405	23,662
Special assessments	-	132,657	-	-	-	-	132,657
Intergovernmental	-	-	-	-	1,382,167	-	1,382,167
Leases	1,426,238	-	-	-	-	-	1,426,238
Other	355,595	-	-	44,832	3,857	-	404,284
Total	7,211,824	141,098	4,275	1,263,225	1,386,071	1,538,974	11,545,467
Allowance	(1,723,259)	-	-	-	-	(3,319)	(1,726,578)
Total (net of allowance)	$ 5,488,565	$ 141,098	$ 4,275	$ 1,263,225	$ 1,386,071	$ 1,535,655	$ 9,818,889

	Utility	Aquatic Park	Golf	Total Enterprise Funds	Internal Service
Accounts	$ 7,046,549	$ 70,345	$ 20,781	$ 7,137,675	$ 117,407
Interest	7,033	715	21	7,769	10,860
Lease	-	-	-	-	28,497
Total	7,053,582	71,060	20,802	7,145,444	156,764
Allowance	(150,888)	-	-	(150,888)	-
Total (net of allowance)	$ 6,902,694	$ 71,060	$ 20,802	$ 6,994,556	$ 156,764

Lease Receivable

The City leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2026 through 2039. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized $102,674 in lease revenue and $30,564 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the City's receivable for lease payments was $1,454,735, including lease interest receivable of $2,589. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2023, the balance of the deferred inflow of resources was $1,425,477.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2023:

Year Ending September 30,	Principal	Interest	Total Receipts
2024	$ 88,996	$ 30,031	$ 119,027
2025	90,764	28,264	119,028
2026	78,086	26,460	104,546
2027	88,917	24,711	113,628
2028	93,915	22,740	116,655
2029-2033	479,264	82,820	562,084
2034-2038	498,660	31,651	530,311
2039	36,133	161	36,294
Total	$ 1,454,735	$ 246,838	$ 1,701,573

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue were as follows:

	Unearned Revenue
General Fund:	
Grant proceeds	$ 1,110
LEOSE Public Safety proceeds	91,262
Escrow deposits	17,993
Miscellaneous	750
Total General Fund	111,115
Parks and Recreation Development:	
Centre and event deposits for future services	114,471
Capital Projects Fund:	
Miscellaneous	11,424
Grants Fund:	
Grant proceeds	8,998,964
Enterprise Funds:	
Advanced Payments, Gift Certificates, Store Credit	94,501
Total Unearned Revenue	$ 9,330,475

C. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the primary government for the year ended September 30, 2023, was as follows:

Governmental Activities:	**Beginning Balance ***	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Capital assets, not being depreciated/amortized:					
Land	$ 81,147,817	$ -	$ (240,411)	$ 45,064	$ 80,952,470
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	9,900,301	14,450,170	-	(6,724,358)	17,626,113
Total capital assets, not being depreciated/amortized:	91,372,938	14,450,170	(240,411)	(6,679,294)	98,903,403
Capital, lease and subscription assets, being depreciated/amortized:					
Buildings	130,921,540	122,179	-	2,100	131,045,819
Other improvements	270,206,600	1,146,152	-	4,810,849	276,163,601
Machinery and equipment	39,973,063	4,713,198	-	1,794,791	46,481,052
Leased equipment	135,388	16,998	-	-	152,386
Subscription assets	439,255	147,718	-	-	586,973
Total capital, lease and subscription asset, being depreciated/amortized:	441,675,846	6,146,245	-	6,607,740	454,429,831
Less accumulated depreciation/amortization for:					
Buildings	(42,634,559)	(4,005,418)	-	-	(46,639,977)
Other improvements	(134,997,508)	(8,363,422)	-	-	(143,360,930)
Machinery and equipment	(24,692,653)	(1,654,629)	-	-	(26,347,282)
Leased equipment	(37,781)	(46,954)	-	-	(84,735)
Subscription assets	-	(147,378)	-	-	(147,378)
Total accumulated depreciation/amortization	(202,362,501)	(14,217,801)	-	-	(216,580,302)
Total capital, lease and subscription assets being depreciated/amortized, net	239,313,345	(8,071,556)	-	6,607,740	237,849,529
Governmental Activities - Net	$ 330,686,283	$ 6,378,614	$ (240,411)	$ (71,554)	$ 336,752,932

* Beginning Balance amounts have been restated for GASB 96

Business-type Activities:	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Capital assets, not being depreciated/amortized:					
Land	$ 2,579,137	$ -	$ -	$ -	$ 2,579,137
Construction in progress	1,364,588	6,388,408	-	(1,485,534)	6,267,462
Total capital assets, not being depreciated/amortized:	3,943,725	6,388,408	-	(1,485,534)	8,846,599
Capital and lease assets, being depreciated/amortized:					
Buildings	3,268,726	-	-	9,665	3,278,391
Utility plant	149,995,003	686,921	-	3,138,943	153,820,867
Other improvements	12,961,139	-	-	(1,696,059)	11,265,080
Machinery and equipment	28,461,531	372,797	-	32,985	28,867,313
Leased equipment	266,653	-	-	-	266,653
Total capital and lease asset, being depreciated/amortized:	194,953,052	1,059,718	-	1,485,534	197,498,304
Less accumulated depreciation/amortization for:					
Buildings	(1,189,480)	(92,521)	-	-	(1,282,001)
Utility plant	(88,118,227)	(3,685,648)	-	-	(91,803,875)
Other improvements	(6,527,336)	(154,760)	-	-	(6,682,096)
Machinery and equipment	(19,247,024)	(1,640,946)	-	-	(20,887,970)
Leased equipment	(93,093)	(96,948)	-	-	(190,041)
Total accumulated depreciation/amortization	(115,175,160)	(5,670,823)	-	-	(120,845,983)
Total capital and lease assets being depreciated/amortized, net	79,777,892	(4,611,105)	-	1,485,534	76,652,321
Business-type Activities - Net	$ 83,721,617	$ 1,777,303	$ -	$ -	$ 85,498,920

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	**Depreciation/ Amortization Expense**
General government	$ 3,589,671
Public safety	1,075,309
Culture and recreation	3,138,659
Public works	5,751,370
Facilities and construction	31,471
Fleet services	230,945
Self insurance	1,124
Information systems	399,252
Total Governmental Activities	$ 14,217,801

Business-type Activities:	**Depreciation/ Amortization Expense**
Water and sewer	$ 4,395,889
Aquatic park	952,337
Golf course	322,597
Total Business-type Activities	$ 5,670,823

Construction Commitments

The City has active construction projects as of September 30, 2023. The projects include street construction, widening, and streetscaping, as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year- end the City's commitments with contractors were as follows:

	Project Authorization	**Stored and Completed to Date**	**Remaining Commitment**
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	$ 52,941,467	$ 19,576,064	$ 33,365,403

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

	Encumbrances
General Fund	$ 838,872
General Capital Projects	13,910,205
Grants	2,947,359
Nonmajor Governmental Funds	123,127
Utility	4,730,578
Aquatic	298,814
Internal Service Funds	2,926,980
Total	$ 25,775,935

D. Interfund Receivables, Payables, and Transfers

Current Interfund Balances. At September 30, 2023, the City had current interfund balances as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Information Technology Fund (Internal Service)	$ 283,622

Interfund balances for the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less.

Long-term Interfund Balances. In fiscal year 2018, the City approved a long-term interfund loan to be paid in future years payable from the Aquatic Park to the Self-Insurance fund. The original amount of the loan was $500,000 and the amount outstanding as of September 30, 2023 was $500,000.

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:							
	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants	Non-major Governmental	Internal Service Funds	Total
Transfers out:								
Governmental:								
General Fund	$ -	$ 1,589,812	$ -	$ 487,102	$ 432,882	$ -	$ 190,848	$ 2,700,644
Capital Projects	-	-	-	-	-	-	3,215,901	3,215,901
Parks and Recreation Development	469,207	1,168,000	442,005	-	-	172,748	-	2,251,960
Non-major Governmental		304,000	205,344	-	431,488	-	-	940,832
Subtotal governmental funds	469,207	3,061,812	647,349	487,102	864,370	172,748	3,406,749	9,109,337
Proprietary:								
Utility	4,482,924	-	-	-	-	-	175,000	4,657,924
Subtotal enterprise funds	4,482,924	-	-	-	-	-	175,000	4,657,924
Internal service funds	467,112	1,521,853	234,300	-	-	-	62,000	2,285,265
Total	$ 5,419,243	$ 4,583,665	$ 881,649	$ 487,102	$ 864,370	$ 172,748	$ 3,643,749	$ 16,052,526

Transfers are used to move resources between funds to provide sufficient resources to perform the expected services and functions for the year.

During fiscal year 2023, the City of North Richland Hills made one-time transfers. These transfers included:

a. General Fund received a total of $5,419,243 from other funds. Parks and Recreation Development fund transferred $469,207 for indirect costs and to cover its portion of a sales tax based economic development incentive. The Utility fund transferred $4,482,924 for payment of administrative fees, payment in lieu of tax and franchise fees. Internal Service funds transferred $467,112 to offset debt service impacts associated with capital equipment and vehicle purchases.
b. General Capital Projects fund received $1,589,812 from the General Fund for street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development fund transferred $1,168,000 for capital projects associated with the Parks system. Gas Development fund transferred $250,000 for capital projects and $54,000 was transferred from the Donations fund. Internal service funds transferred $1,521,853 for capital projects.
c. General Debt Service fund received transfers from self-supporting debt repayment sources. Parks and Recreation Development fund and non-major governmental funds transferred $442,005 and $205,344, respectively. Internal service funds transferred $234,300 for debt repayments during the year.

d. Parks and Recreation Development fund received a transfer for the General Fund's annual contribution for the NRH Recreation Centre operations in the amount of $487,102.
e. Grants fund received $432,882 from the General Fund for local required funding for grants and $431,488 from non-major governmental funds for the portion of salary expense designated to be funded by ARPA funds.
f. Non-major Governmental funds received $172,748 from the Parks and Recreation Development fund for economic development projects.
g. Information Technology internal service fund received $190,848 transferred from the General Fund and $175,000 transferred from the Utility fund to help offset non-capital project related costs above normal operations. The Facilities and Construction Services internal service fund and the Information Technology internal service fund received $1,096,158 and $2,119,743, respectively, from the Capital Projects fund for capital project related costs. In addition, the Fleet Service internal service fund received $62,000 from the Facilities Services internal service.

E. Long-term debt General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.00%	$ 74,190,000
Business-type activities	2.00 - 5.00%	2,025,000
		$ 76,215,000

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	$ 6,065,000	$ 2,629,335	$ 395,000	$ 69,325
2025	6,010,000	2,327,401	395,000	56,775
2026	6,000,000	2,131,238	385,000	43,238
2027	5,820,000	1,920,365	330,000	29,300
2028	5,805,000	1,696,199	295,000	15,675
2029-2033	24,285,000	5,435,891	225,000	5,400
2034-2038	12,020,000	2,367,544	-	-
2039-2043	8,185,000	585,500	-	-
	$ 74,190,000	$ 19,093,473	$ 2,025,000	$ 219,713

Private placement general obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.00%	$ 235,000
Business-type activities	2.00 - 5.00%	80,000
		$ 315,000

Annual debt service requirements to maturity for private placement general obligation bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2024	$ 60,000	$ 4,695	$ 20,000	$ 1,603
2025	60,000	3,321	20,000	1,145
2026	60,000	1,947	20,000	687
2027	55,000	630	20,000	229
	$ 235,000	$ 10,593	$ 80,000	$ 3,664

Certificates of Obligation

The City also issues certificates of obligation ("CO's") to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. The bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.25 - 5.00%	$ 32,870,000
Business-type activities	1.25 - 5.00%	27,035,000
		$ 59,905,000

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2024	$ 4,310,000	$ 1,292,214	$ 1,885,000	$ 1,008,159
2025	4,075,000	1,113,689	1,825,000	936,073
2026	3,725,000	950,233	1,820,000	865,032
2027	3,435,000	797,380	1,820,000	792,242
2028	2,725,000	660,380	1,820,000	717,608
2029-2033	10,530,000	1,816,513	8,565,000	2,559,363
2034-2038	3,855,000	219,278	6,670,000	1,132,357
2039-2042	215,000	4,225	2,630,000	197,606
	$ 32,870,000	$ 6,853,912	$ 27,035,000	$ 8,208,440

Private placement certificates of obligation currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	N/A	$ -
Business-type activities	1.57%	755,000
		$ 755,000

Annual debt service requirements to maturity for private placement certificates of obligation bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2024	$ -	$ -	$ 60,000	$ 11,383
2025	-	-	60,000	10,441
2026	-	-	60,000	9,499
2027	-	-	60,000	8,557
2028	-	-	60,000	7,615
2029-2033	-	-	290,000	24,100
2034-2036	-	-	165,000	3,886
	$ -	$ -	$ 755,000	$ 75,481

Special Assessment Bonds – City Point Improvement District (TIF #3)

The City has issued Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone A Project) in the amount of $2,615,000 and Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone B Project) in the amount of $8,965,000. The City Point Public Improvement District (the "District" was created for the purpose of undertaking and financing certain public improvements within the district as authorized by the PID Act and approved by the City Council. The City will pay the project costs for the improvement within Zone A and Zone B from proceeds of the corresponding bonds.

Special assessment bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	4.50 - 5.63%	$ 7,870,000

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2024	$ 190,000	$ 418,681
2025	195,000	409,813
2026	205,000	400,719
2027	215,000	390,369
2028	230,000	379,513
2029-2033	1,305,000	1,710,981
2034-2038	1,720,000	1,317,981
2039-2043	1,575,000	828,625
2044-2048	1,505,000	447,469
2049-2050	730,000	59,394
	$ 7,870,000	$ 6,363,545

Lease Liabilities

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire 2024 through 2025. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

As of September 30, 2023, the value of the lease liabilities was $72,047 for governmental activities and $82,625 for business-type activities. Incremental borrowing rates of 0.9160 percent to 3.1570 percent were used to measure lease liabilities. The value of the right-to-use assets as of the end of the current fiscal year was $152,386 for governmental activities and $266,653 for business-type activities and had accumulated amortization of $84,735 for governmental activities and $190,041 business-type activities.

Purpose	Interest Rates	Principal Amount
Governmental activities	0.9160% - 1.3884%	$ 72,047
Business-type activities	0.9160% - 3.1570%	82,625
		$ 154,672

The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	$ 43,826	$ 519	$ 80,376	$ 1,152
2025	28,221	113	2,249	7
	$ 72,047	$ 632	$ 82,625	$ 1,159

Subscription Liabilities

The City has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

An initial subscription liability was recorded in the amount of $439,255 during fiscal year 2023. As of September 30, 2023, the value of the subscription liabilities was $377,838. An incremental borrowing rate of 3.1440 percent to 3.3050 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2023, was $586,973 and had accumulated amortization of $147,378 .

The future principal and interest payments for subscription liabilities as of September 30, 2023, are as follows:

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2024	$ 138,440	$ 11,502
2025	123,400	7,595
2026	111,256	3,676
2027	4,742	157
	$ 377,838	$ 19,097

Long-term liability activity for the year ended September 30, 2023, is reflected in the following tables.

Governmental Activities:	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	$ 68,730,000	$ 11,280,000	$ (5,820,000)	$ 74,190,000	$ 6,065,000
General obligation bonds- Private placement	300,000	-	(65,000)	235,000	60,000
Certificates of obligation	31,500,000	6,340,000	(4,970,000)	32,870,000	4,310,000
Special assessment bonds	8,050,000	-	(180,000)	7,870,000	190,000
Lease liabilities	98,052	16,998	(43,003)	72,047	43,826
Subscription liabilities	439,255	124,068	(185,485)	377,838	138,440
Premium on bond issues	6,866,307	1,648,072	(1,094,382)	7,419,997	-
Compensated absences	3,859,094	2,162,276	(1,426,047)	4,595,323	288,355
Total Governmental Activities	$ 119,842,708	21,571,414	(13,783,917)	127,630,205	11,095,621
Business-type Activities:					
Bonds payable:					
General obligation bonds	$ 2,540,000	$ -	$ (515,000)	$ 2,025,000	$ 395,000
General obligation bonds- Private placement	100,000	-	(20,000)	80,000	20,000
Certificates of obligation	20,680,000	7,865,000	(1,510,000)	27,035,000	1,885,000
Certificates of obligation - Private placecment	815,000	-	(60,000)	755,000	60,000
Leases	175,738	-	(93,113)	82,625	80,376
Premium on bond issues	993,538	260,147	(107,768)	1,145,917	-
Compensated absences	486,283	247,647	(151,770)	582,160	64,792
Total Business-type Activities	$ 25,790,559	$ 8,372,794	$ (2,457,651)	$ 31,705,702	$ 2,505,168

* Beginning Balance amounts have been restated for GASB 96

The liability for compensated absences and the pension and OPEB-related liabilities are paid from the General Fund, Special Revenue Funds (Drainage, Crime Control District, and Parks and Recreation Development), enterprise funds, and internal service funds based on the assignment of an employee at termination.

Current Year Debt Issuances

In May 2023, the City issued Series 2023 General Obligation Bonds in the amount of $11,280,000. The bonds were issued at a premium of $1,555,405 and mature in fiscal year 2043 with interest rates ranging from 4.00% to 5.00%. The proceeds of the sale will be used for (i) constructing, renovating, equipping, and improving various City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, rights-of-way, and other real property interests necessary, and (ii) professional services rendered in relation to such projects and the financing thereof.

In November 2022, the City issued Series 2022A Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation in the amount of $14,205,000. The certificates were issued at a premium of $352,814 and mature in fiscal year 2042 with interest rates ranging from 4.00% to 5.00%. The proceeds of the sale will be used for (i) constructing, renovating, equipping, and improving various City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, rights-of-way, and other real property interests necessary therefor, (ii) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, (iii) acquiring fleet vehicles and equipment for various City departments, including the fire/emergency services department and public works, and (iv) professional services rendered in relation to such projects and the financing thereof.

Note III - Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of $175,000 and/or $10,386,756 in the aggregate for a 12-month period beginning on January 1, 2022. Changes in the balances of claims liabilities during the past two years are as follows:

	2023	2022
Unpaid claims, beginning of year	$ 920,045	$ 1,129,330
Incurred claims (including IBNR)	11,905,933	9,998,100
Claim payments	(12,087,978)	(10,207,385)
Unpaid claims, end of year	$ 738,000	$ 920,045

B. Contingent Liabilities

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and is not aware of any pending litigation with a material impact.

C. Deferred Compensation Plan - 457(b) Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Agency Retirement System. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

D. Defined Benefit Pension Plan

Plan Description

The City of North Richland Hills participates as one of over 920 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, or 5 years at a 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI, repeating

Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefts	456
Inactive employees entitled to but not yet receiving benefits	372
Active employees	554
	1,382

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation earnings during the fiscal year. The contribution rates for the City of North Richland Hills were 16.81% and 17.19% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were $7,447,454, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the shortterm and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Basis of Allocation

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2023, those percentages were 83% and 17%, respectively, which approximated the prior year's allocations.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at October 1, 2022	$ 302,254,696	$ 298,033,983	$ 4,220,713
Changes for the year:			
Service cost	7,471,479	-	7,471,479
Interest	20,215,755	-	20,215,755
Difference between expected and actual experience	1,618,053	-	1,618,053
Contributions - employer	-	6,841,395	(6,841,395)
Contributions - employee	-	2,848,888	(2,848,888)
Net investment income	-	(21,744,788)	21,744,788
Benefits payments, including refunds of employee contributions	(12,995,547)	(12,995,547)	-
Administrative expense	-	(188,258)	188,258
Other changes	-	224,647	(224,647)
Net changes	16,309,740	(25,013,663)	41,323,403
Balance at September 30, 2023	$ 318,564,436	$ 273,020,320	$ 45,544,116

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75)%	Discount Rate (6.75)%	1% Increase in Discount Rate (7.75)%
City's Net Pension Liability	$ 90,195,582	$ 45,544,116	$ 8,902,996

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of $11,385,806.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 18,768,893	$ -
Difference in assumption changes	44,717	-
Difference between expected and actual experience	3,404,180	20,139
Contributions subsequent to the measurement date	5,704,280	-
	$ 27,922,070	$ 20,139

$5,704,280 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2024	$ 2,139,573
2025	5,838,005
2026	5,756,074
2027	8,463,999
	$ 22,197,651

E. Other Postemployment Benefit (OPEB) Plan

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single employer defined benefit OPEB plan administered by the City of North Richland Hills Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. The City does not have a stand-alone financial report for the retiree health plan. A more detailed description of the plan is as follows:

Eligibility

Full-time employees of the City who meet the City's requirements are eligible to participate in the retiree health care plan. Upon terminating from active service, employees must have separated in "good standing", be eligible to retire under the Texas Municipal Retirement System (age 60 with 5 years of service or 20 years of service at any age) with the declared intent to begin to receive an annuity check from TMRS, and must have been covered under the City's health plan on the retiree's last day of active employment. Reduced premium rates for medical and dental coverage are offered to eligible retirees that have attained age 55 at retirement and meet one of the following plan rules:

Plan Rule	Multiplier
90 Plan	1.00
85 Plan	1.25
80 Plan	1.50
Access Plan	1.75

To be eligible for the 90 Plan, 85 Plan or 80 Plan, retirees must have attained the applicable combined number of years of service plus age at time of retirement. To be eligible for the Access Plan, retirees must have attained age 60 with at least 10 years of service. Service requirements are based on continuous service with the City of North Richland Hills.

Benefits Provided

Pre-65 medical premiums for 90 Plan retirees will be set to 20% of the total cost. Dental premiums for 90 Plan retirees are also reduced. For retirees that meet one of the other Plan Rules, applicable multiplier is applied to the premium rates for 90 Plan retirees. Medical coverage through the City's pre-65 health plan ceases when retirees/spouses become eligible for Medicare benefits. Vision benefits are available to retirees through a fully insured plan in which retirees pay 100% of the vision premiums. The City does not provide life insurance coverage for retirees or their dependents.

A measurement date of December 31, 2022, was used for the September 30, 2023, liability and expense. The information that follows was determined as of a valuation date of December 31, 2021:

Retirees and beneficiaries	182
Inactive, nonretired members	-
Active members	544
Total	726

The contribution requirements of plan members and the City are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund. For measurement year ended December 31, 2022, the City's contributions to the plan were $949,944, which consist of a trust contribution of $100,000 and benefit payments for health insurance of $849,944.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was based on an actuarial valuation performed as of December 31, 2021. The following are the significant actuarial methods and assumptions:

Actuarial Valuation Date:	December 31, 2021
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	4.37% as of December 31, 2022 (2.45% in prior year)
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation Rates	85% for retirees meeting eligibility requirements for the 90 Plan; 75% for retirees meeting eligibility requirements for the 85 Plan; 60% for retirees meeting eligibility requirements for the 80 Plan; 60% for retirees meeting eligibility requirements for the Access Plan; 0% for retirees who are not eligible for any of the Plan Rules.
Notes:	The Single Discount Rate changed from 2.45% as of December 31, 2021 to 4.37% as of December 31, 2022.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.00%; the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 4.37%.

Basis of Allocation

OPEB items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2023, those percentages were 90% and 10%, respectively, which approximated the prior year's allocations.

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2021	$ 35,622,662	$ 2,987,507	$ 32,635,155
Service cost	1,313,361	-	1,313,361
Interest	878,432	-	878,432
Changes of benefit terms	2,619,863	-	2,619,863
Difference between expected and actual experience	(1,131,561)	-	(1,131,561)
Changes of assumptions	(6,402,288)	-	(6,402,288)
Contributions - employer	-	949,944	(949,944)
Net investment income	-	(436,311)	436,311
Benefit payments, including refunds of employee contributions	(849,944)	(849,944)	-
Administrative expense	-	(15,956)	15,956
Net changes	(3,572,137)	(352,267)	(3,219,870)
Balance at December 31, 2022	$ 32,050,525	$ 2,635,240	$ 29,415,285

Changes of benefit terms reflect an expansion of the definition of years of service as it pertains to eligibility of benefits. Changes of assumptions reflect a change in the Single Discount Rate from 2.45% as of December 31, 2021 to 4.37% as of December 31, 2022.

Consistent with the requirements of GASB Statements No. 74 and No. 75, employer contributions include “amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets.” The employer contributions of $949,944 consists of a trust contribution of $100,000 and benefit payments of $849,944, which were paid by the City using its own assets.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule presents the net OPEB liability of the City, calculated using the discount rate of 4.37%, as well as what the City’s net OPEB liability would be if it were calculate using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate (3.37)%	Discount Rate (4.37)%	1% Increase in Discount Rate (5.37)%
City's Net OPEB Liability	$ 32,536,813	$ 29,415,285	$ 26,687,911

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate, as well as what the City's net OPEB liability would be if it were calculate using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's Net OPEB Liability	$ 25,960,266	$ 29,415,285	$ 33,575,312

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB's plan Fiduciary Net Position is available in the basic financial statements section of the City of North Richland Hills Annual comprehensive financial report for the year-ended September 30, 2023. The plan's Fiduciary Net Position as a percentage of Total OPEB Liability was 8.22% at September 30, 2023.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized an OPEB expense of $2,113,049.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in assumption changes	$ 2,218,189	$ 6,085,620
Difference between expected and actual experience	336,837	9,500,159
Contributions subsequent to the measurement date	1,095,131	-
	$ 3,650,157	$ 15,585,779

$1,095,131 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	Amount
2024	$ (2,573,078)
2025	(2,567,081)
2026	(2,485,603)
2027	(1,876,559)
2028	(1,348,741)
Thereafter	(2,179,691)
	$ (13,030,753)

F. Tax Incentive Rebates

The City of North Richland Hills currently has one (1) active Commercial Development and Job-Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreement is subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the ad valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a claw-back provision for default on agreement is included in the agreement and agrees to return a percentage of the rebate back to the City. Total rebate of taxes for fiscal year 2023 was $127,975.

G. Restatement of Prior Year Financial Statements

An error correction was made to the governmental activities due to the City not properly recording unearned revenue in the prior year in connection with resources that had been received, but not yet earned, primarily related to grant dollars received in advance of incurring eligible expenditures. The following financial statement line items for the year ended September 30, 2023, were affected by the error correction:

	Government-Wide Governmental Activities
Net Position, Beginning of Year, as Previously Reported	$ 299,256,766
Correction of Error Unearned revenue	(10,667,681)
Net Position, Beginning of Year, as Restated	$ 288,589,085

The correction of error above had the following impact on change in prior year net position as follows: decrease in change in net position by approximately $10,667,700 for governmental activities.

H. Subsequent Events

In October 2023, the City issued $5,815,000 of Series 2023A General Obligation bonds. Proceeds from the sale of the bonds will be used for (i) constructing, renovating, equipping, and improving various City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, right-of-ways, and other real property interests necessary therefor or incidental thereto, and (ii) professional services rendered in relation to such projects and the financing thereof.

Required Supplementary Information

Progress continued this year on North Richland Hills' $49 million Street Bond Program, which was approved by voters in 2020 to reconstruct 27 of our city streets.

Residential street reconstruction projects completed in 2023 included Meadow Oak Drive, Pearl Street, Southampton Drive, Dawn Drive, Stonybrooke Drive, Nob Hill Drive.

Major Streets under construction in 2023 included Iron Horse Boulevard East, Iron Horse Boulevard West, and Bedford Euless Road.

128 streets were improved through the Preventive Street Maintenance Program, including asphalt overlays on 21 streets and slurry seals on 42 streets. New traffic signals were installed on two intersection to improve safety and traffic signal timing improvements were made along two major throughfares to improve safety and traffic flow.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the Last Nine Measurement Years

	Measurement Year December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total Pension Liability									
Service cost	$ 7,471,479	$ 7,090,461	$ 6,818,264	$ 6,689,567	$ 6,406,497	$ 6,191,617	$ 5,991,326	$ 5,732,122	$ 5,572,383
Interest (on the total pension liability)	20,215,755	19,044,318	18,175,404	17,239,979	16,482,949	15,687,433	14,990,680	14,861,355	14,176,755
Difference between expected and actual experience	1,618,053	3,813,382	(58,137)	767,788	(455,398)	523,226	(1,803,452)	(1,819,900)	(1,880,743)
Change of assumptions	-	-	-	409,737	-	-	-	(452,493)	-
Benefit payments, including refunds of employee contributions	(12,995,547)	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Net Change in Total Pension Liability	16,309,740	17,375,613	13,110,406	14,305,663	10,514,805	12,872,939	10,795,025	9,361,375	10,491,585
Total Pension Liability - Beginning	302,254,696	284,879,083	271,768,677	257,463,014	246,948,209	234,075,270	223,280,245	213,918,870	203,427,285
Total Pension Liability - Ending (a)	$ 318,564,436	$ 302,254,696	$ 284,879,083	$ 271,768,677	$ 257,463,014	$ 246,948,209	$ 234,075,270	$ 223,280,245	$ 213,918,870
Plan Fiduciary Net Position									
Contributions - employer	$ 6,841,395	$ 6,517,324	$ 6,081,331	$ 6,008,691	$ 5,737,359	$ 5,623,410	$ 5,409,161	$ 5,468,306	$ 5,636,415
Contributions - employee	2,848,888	2,710,717	2,605,232	2,604,392	2,491,416	2,410,529	2,328,666	2,280,541	2,236,673
Net investment income	(21,744,788)	34,769,354	19,045,720	33,921,847	(6,894,711)	28,219,967	12,939,363	284,162	10,400,524
Benefit payments, including refunds of employee contributions	(12,995,547)	(12,572,548)	(11,825,125)	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Administrative expense	(188,258)	(160,913)	(123,279)	(191,704)	(133,257)	(146,245)	(146,139)	(173,081)	(108,580)
Other	224,648	1,102	(4,810)	(5,759)	(6,962)	(7,411)	(7,874)	(8,547)	(8,929)
Net Change in Plan Fiduciary Net Position	(25,013,662)	31,265,036	15,779,069	31,536,059	(10,725,398)	26,570,913	12,139,648	(1,108,328)	10,779,293
Plan Fiduciary Net Position - Beginning	298,033,982	266,768,946	250,989,877	219,453,818	230,179,216	203,608,303	191,468,655	192,576,983	181,797,690
Plan Fiduciary Net Position - Ending (b)	$ 273,020,320	$ 298,033,982	$ 266,768,946	$ 250,989,877	$ 219,453,818	$ 230,179,216	$ 203,608,303	$ 191,468,655	$ 192,576,983
Net Pension Liability - Ending (a) - (b)	$ 45,544,116	$ 4,220,714	$ 18,110,137	$ 20,778,800	$ 38,009,196	$ 16,768,993	$ 30,466,967	$ 31,811,590	$ 21,341,887
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.70%	98.60%	93.64%	92.35%	85.24%	93.21%	86.98%	85.75%	90.02%
Covered Payroll	$ 40,672,177	$ 38,724,529	$ 37,217,597	$ 37,205,542	$ 35,591,651	$ 34,436,087	$ 33,266,663	$ 32,568,873	$ 31,952,469
Net Pension Liability as a Percentage of Covered Payroll	111.98%	10.90%	48.66%	55.85%	106.79%	48.70%	91.58%	97.67%	66.79%

Changes in assumptions: In the 2015 valuation, the investment rate of return decreased from 7.0% to 6.75%, the discount rate decreased from 7.0% to 6.75%, and the inflation rate decreased from 3.0% to 2.5%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
SCHEDULE OF PENSION CONTRIBUTIONS
For the Last Nine Fiscal Years

	Fiscal Year								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 7,447,454	$ 6,677,664	$ 6,384,064	$ 6,318,501	$ 5,905,942	$ 5,727,471	$ 5,559,812	$ 5,417,111	$ 5,528,987
Contributions in relation to the actuarially determined contribution	7,447,454	6,677,664	6,384,064	6,318,501	5,905,942	5,727,471	5,559,812	5,417,111	5,528,987
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 43,553,577	$ 39,820,111	$ 38,194,320	$ 38,791,732	$ 36,587,770	$ 35,403,126	$ 34,086,933	$ 33,017,098	$ 32,471,592
Contributions as a percentage of covered payroll	17.10%	16.77%	16.71%	16.29%	16.14%	16.18%	16.31%	16.41%	17.03%

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (logest amortization ladder)
Asset Valuation Method	10 Year Smoothed Market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuantto an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with Public Safety table used for males and the General Employee table used for females. Rates projected on fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Last Six Measurement Years

	Measurement Year December 31,					
	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability						
Service cost	$ 1,313,361	$ 1,346,438	$ 1,181,994	$ 1,415,009	$ 1,380,982	$ 3,033,865
Interest on the total OPEB liability	878,432	1,012,300	1,175,886	1,748,613	1,612,101	2,939,073
Changes of benefit terms	2,619,863	-	-	-	-	(36,006,639)
Difference between expected and actual experience	(1,131,561)	(4,824,354)	(739,254)	(9,119,458)	(424,223)	-
Change of assumptions	(6,402,288)	602,574	2,282,881	471,134	(1,473,549)	678,308
Benefit payments	(849,944)	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Net Change in Total OPEB Liability	(3,572,137)	(2,820,034)	2,465,539	(6,862,301)	(941,139)	(31,548,141)
Total OPEB Liability - Beginning	35,622,662	38,442,696	35,977,157	42,839,458	43,780,597	75,328,738
Total OPEB Liability - Ending (a)	$ 32,050,525	$ 35,622,662	$ 38,442,696	$ 35,977,157	$ 42,839,458	$ 43,780,597
Plan Fiduciary Net Position						
Contributions - employer	$ 949,944	$ 1,056,992	$ 1,535,968	$ 1,477,599	$ 2,136,450	$ 2,292,748
Net investment income	(436,311)	249,744	310,555	333,159	(79,800)	212,194
Benefit payments	(849,944)	(956,992)	(1,435,968)	(1,377,599)	(2,036,450)	(2,192,748)
Administrative expense	(15,956)	(16,855)	(13,443)	(11,962)	(10,939)	(8,770)
Net Change in Plan Fiduciary Net Position	(352,267)	332,889	397,112	421,197	9,261	303,424
Plan Fiduciary Net Position - Beginning	2,987,507	2,654,618	2,257,506	1,836,309	1,827,048	1,523,624
Plan Fiduciary Net Position - Ending (b)	$ 2,635,240	$ 2,987,507	$ 2,654,618	$ 2,257,506	$ 1,836,309	$ 1,827,048
Net OPEB Liability - Ending (a) - (b)	$ 29,415,285	$ 32,635,155	$ 35,788,078	$ 33,719,651	$ 41,003,149	$ 41,953,549
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	8.22%	8.39%	6.91%	6.27%	4.29%	4.17%
Covered Payroll	$ 40,672,177	$ 38,724,529	$ 37,217,597	$ 37,205,602	$ 34,555,433	$ 33,455,733
Net OPEB Liability as a Percentage of Covered Payroll	72.32%	84.28%	96.16%	90.63%	118.66%	125.40%

Changes of assumptions reflect a change in the Single Discount Rate from 2.45% as of December 31, 2021 to 4.37% as of December 31, 2022. The following are the discount rates used in each of the periods:

2022	4.37%
2021	2.45%
2020	2.62%
2019	3.28%
2018	4.08%
2017	3.71%

Changes of benefit terms reflect an expansion of the definition of years of service as it pertains to eligibility for benefits.
The long-term expected rate of investment return was lowered from 6.25% to 6.00% in plan year 2021.

The demographic assumptions were updated to reflect the 2019 TMRS Experience Study, and the health care trend rates were updated to better reflect the plan's anticipated experience and the repeal of the "Cadillac Tax."

Consistent with the requirements of GASB Statement No. 74, the employer contributions include “amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets.” The employer contributions shown above include trust contributions of $100,000 and benefit payments of $849,944, which were paid by the City using its own assets.

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 43,274,120	$ 45,043,761	$ 44,951,422	$ (92,339)
Fines and forfeitures	1,915,328	1,131,457	1,318,738	187,281
Licenses and permits	2,550,220	1,934,042	1,889,828	(44,214)
Charges for services	2,556,175	2,514,104	3,165,534	651,430
Intergovernmental	5,322,110	5,322,110	5,390,060	67,950
Miscellaneous	2,227,569	4,130,893	4,776,809	645,916
Appropriation of fund balance	101,756	633,808	-	(633,808)
Total Revenues	57,947,278	60,710,175	61,492,391	782,216
Expenditures				
City council	133,265	133,538	102,148	31,390
City manager	859,158	888,088	846,784	41,304
Communications	545,816	500,118	479,979	20,139
City secretary	528,571	628,996	668,340	(39,344)
Legal	676,316	713,128	655,658	57,470
Human resources	167,895	204,907	185,273	19,634
Finance	884,503	885,752	860,144	25,608
Budget and research	487,900	499,427	485,229	14,198
Municipal court	1,568,159	1,630,929	1,502,023	128,906
Planning and inspections	1,523,026	1,529,005	1,450,025	78,980
Economic development	389,396	393,295	370,296	22,999
Library	2,509,867	2,539,553	2,461,075	78,478
Neighborhood services	2,294,343	2,444,972	2,356,355	88,617
Public works	3,667,215	3,724,529	3,421,820	302,709
Parks and recreation	2,051,542	2,056,378	1,975,652	80,726
Police	17,919,951	18,061,729	17,532,425	529,304
Fire	15,952,471	16,467,674	15,775,536	692,138
Non-departmental	3,519,334	2,992,198	2,760,646	231,552
Facilities and construction management	899,730	899,730	899,730	-
Sub-total departments	56,578,458	57,193,946	54,789,138	2,404,808
Other & Reserves				
Capital project transfers	1,050,000	1,239,422	1,589,512	(350,090)
Operational transfers	190,848	190,848	190,848	-
Public educational governmental (PEG) reserve	65,000	65,000	65,000	-
Planned contributions to fund balance	62,972	2,020,959	2,020,959	-
Sub-total other & reserves	1,368,820	3,516,229	3,866,319	(350,090)
Total Expenditures	57,947,278	60,710,175	58,655,457	2,054,718
Net Increase (Decrease)	$ -	$ -	2,836,934	$ 2,836,934
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			2,020,959	
Miscellaneous			(295,692)	
Capital outlay			38,878	
Debt service principal payments			33,154	
Net change in fund balance (deficit) - GAAP			$ 4,634,233	

CITY OF NORTH RICHLAND HILLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL - PARKS AND RECREATION DEVELOPMENT CORPORATION FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 6,175,215	$ 6,900,000	$ 6,909,918	$ 9,918
NRH Centre	3,303,213	3,797,072	3,915,470	118,398
Tennis Center	471,250	471,250	531,249	59,999
Athletic program service	213,000	164,000	111,640	(52,360)
Park impact fee	95,000	65,000	12,154	(52,846)
Youth association maintenance fees	16,300	16,300	21,174	4,874
Other income	34,821	122,851	216,859	94,008
Appropriation of fund balance	433,748	544,214	-	(544,214)
Total Revenues	10,742,547	12,080,687	11,718,464	(362,223)
Expenditures				
Operating:				
Park facilities development administration	745,006	746,730	760,641	(13,911)
Maintenance and operations	2,258,327	2,273,530	2,112,482	161,048
NRH Centre	3,278,961	3,664,882	3,559,169	105,713
Tennis center operations	604,587	613,243	635,684	(22,441)
Athletic program services	237,680	237,680	151,109	86,571
Non-departmental	72,866	70,222	59,070	11,152
Sub-total operating	7,197,427	7,606,287	7,278,155	328,132
Other & Reserves:				
Debt service payment	442,005	442,005	442,005	-
Capital project transfers	1,098,000	1,168,000	1,168,000	-
Indirect cost and economic development transfers	672,337	690,457	673,949	16,508
Planned contributions to fund balance	1,332,778	2,173,938	2,156,355	17,583
Sub-total other & reserves	3,545,120	4,474,400	4,440,309	34,091
Total Expenditures	10,742,547	12,080,687	11,718,464	362,223
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			2,156,355	
Miscellaneous			(74,351)	
Debt service principal payments			442,005	
Transfers in/out			(410,011)	
Net change in fund balance (deficit) - GAAP			$ 2,113,998	

CITY OF NORTH RICHLAND HILLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2023

Note A - Budgetary Information

The City Council adopts an annual legal budget, which covers the Governmental Funds, Enterprise and Internal Service Funds, with the exception of the Economic Development Fund. All appropriations lapse at fiscal year-end (September 30th) with the exception of capital projects, which carry forward to completion of the project. The budgets for Governmental Funds are prepared on the budget basis, which differs from the modified accrual basis of accounting. Enterprise and Internal Service Funds are prepared on the budget basis and differ from the accounting basis by recognizing debt principal payments, capital outlays as expenditures, and compensated absences as payments come due. Additionally, depreciation is not included as a budgetary expense. The City Manager will submit the proposed budget to City Council in July and prior to adoption will hold the required public hearings for the proposed budget and proposed tax rate. After the public hearings are held, the City Council will adopt the proposed budget and proposed tax rate through ordinance. The proposed budget becomes effective on October 1st of that calendar year and runs through September 30th of the following calendar year.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to make inter-departmental and inter-fund transfers during the fiscal year as deemed necessary in order to avoid over-expenditure of particular accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. A summary of changes in the adopted operating budget follows.

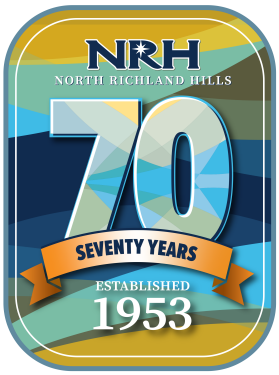
Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
General Fund	$ 57,947,278	$ 60,710,175	$ 2,762,897	The majority of the change was due to an increase to the Planned Contribution to Fund Balance in the amount +$1,957,987. The remainder of the change resulted from the following: +$656,981 for Police and Fire (Public Safety); +$485,643 increase in revisions to budget as requested by various departments. Offset by a reduction to General Fund Operational Transfers of -$337,714 driven primarily by eliminating a transfer to the Debt Service fund that was no longer needed.
General Debt	14,457,762	14,469,447	11,685	There was an increase of +$11,685 in revisions to budget for Paying Agent Fees for the fiscal year.
Parks and Recreation	10,742,547	12,080,687	1,338,140	There was an increase of $408,860 in revisions to budget as requested by the department. +$70,000 increase in capital project expenses. +$18,120 increase to the transfer to Economic Development in direct proportion to its share of the revised Sales Tax estimated for fiscal year 2023. +$841,160 increase to the Planned Contribution to Reserves.
Promotional	304,278	325,377	21,099	There was an increase of +$6,000 in revisions to budget as requested by the department plus a +$15,099 increase to the Planned Contribution to Reserves.

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Donations	234,631	243,915	9,284	There was an increase of +$8,684 in revisions to budget as requested by various departments.
Special Investigations	290,500	278,250	(12,250)	There was a decrease of -$12,250 in revisions to budget comprised of an increase of +$2,750 from Federal Forfeitures and a decrease of -$15,000 from planned LEOSE training uses.
Drainage Utility Fund	2,722,080	2,748,347	26,267	There was an increase of +$26,267 in revisions to budget comprised of an increase of +$3,942 for Operating Expenses and an increase of +$22,325 for Planned Contributions to Fund Balance.
Crime Control District	6,715,617	7,779,999	1,064,382	There was an increase of +$472,212 in revisions to budget for new software and other public safety equipment, an additonal transfer of +$50,000 for support from Information Technology, and an increase of +$542,170 for Planned Contributions to Fund Balance.
Traffic Safety	$ 112,721	$ 118,168	5,447	There was an increase of +$5,447 in revisions to budget for additional Traffic Safety equipment.
Gas Development	711,844	1,098,143	386,299	There was an increase of +$386,299 in revisions to budget for the Planned Contribution to Reserves.
Utility	41,429,302	45,931,308	4,502,006	There was an increase of +$3,406,672 in revisions to budget for overall Operating Expenses, primarily consisting of an increase of +$130,851 in Water Service Expenses, +$768,285 increase in Sewer Service Expenses, an increase +$2,456,523 for the Walker Calloway TRA project emergency repair, and an additonal +$51,013 in various Operating Expenses. Planned Contribution to Fund Balanced was increased by +$1,095,334.
Aquatic Park	4,660,284	4,978,453	318,169	There was an increase of +$351,230 in revisions to budget for additonal Equipment Repair and Maintenance costs during the fiscal year. Other Operating Expenses experienced an increase of +$85,897 while Planned Contributions to Fund Balance was decreased by -$118,958.

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Golf	3,345,060	3,349,253	4,193	There was an increase of +$4,193 in revisions to budget for additonal Equipment Repair and Replacement costs during the fiscal year.
Facilities and Construction	3,324,599	3,615,968	291,369	There was an increase of +$309,207 in revisions to budget for additonal Utilities costs during the fiscal year. Other Operating Expenses experienced a decrease of -$19,382 while Capital Project transfers was increased by +$1,544.
Fleet Services	4,753,900	6,345,051	1,591,151	There was an increase of +$1,350,940 in revisions to budget for additional vehicle purchase and replacement costs during the fiscal year. Other Operating Expenses experienced an increase of +$176,699 while Planned Contributions to Fund Balance was increased by +$63,511.
Self-Insurance	15,228,074	15,829,450	601,376	There was a decrease of -$78,497 in revisions to budget for Operating expenditures during the fiscal year. An increase of +$679,873 in Planned Contributions to Fund Balance was approved.
Information Technology	5,004,665	5,450,428	445,763	There was an increase of +$258,392 in revisions to budget for additonal support delivered to the public safety departments during the fiscal year. Additional technology upgrades resulted in an increase of +$136,289 while Other Operating Expenses experienced an increase of +$51,892.
Total	$ 171,985,142	$ 185,352,419	$ 13,367,277	

NRH


NRH
NORTH RICHLAND HILLS
70
SEVENTY YEARS
ESTABLISHED
1953

Other Supplementary Information

The NRH Centre is North Richland Hills premier fitness, aquatics and activity center and is designed to be the Centre of your active, healthy and connected world. As Tarrant County's first LEED certified recreation center, the NRH Centre is built and operated using sustainable features to minimize its impact on the environment. The Centre includes indoor aquatics, fitness, gymnasium, a senior center, and the Grand Hall for events.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding $1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property.

CAPITAL PROJECTS FUND

Tax Increment Financing District #3 (TIF #3) Fund accounts for funds held for drainage improvements that alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #3.

The City Point Development Project Fund accounts for public improvements funded by special assessment debt for the benefit of citizens within TIF #3.

DEBT SERVICE FUNDS

The City Point Development Bond Fund is used to accumulate monies for the payment of principal, interest, and related charges on the special assessment bonds of TIF #3.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Special Revenue			
	Promotional	**Donations**	**Special Investigations**	**Drainage Utility**
Assets				
Cash and cash equivalents	$ 436,276	$ 364,028	$ 218,588	$ 1,380,562
Investments	510,341	434,480	262,067	1,634,472
Receivables, net of allowance:				
Accounts	-	-	-	196,250
Other taxes receivable	79,708	-	-	-
Interest receivable	313	266	161	1,002
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Total Assets	$ 1,026,638	$ 798,774	$ 480,816	$ 3,212,286
Liabilities				
Accounts payable	$ -	$ -	$ 520	$ -
Deposits and other liabilities	-	128	13,046	-
Total Liabilities	-	128	13,566	-
Fund Balances				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	1,026,638	-	-	-
Public safety	-	-	467,250	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	798,646	-	-
Drainage Utility	-	-	-	3,212,286
Gas development	-	-	-	-
Total Fund Balances	1,026,638	798,646	467,250	3,212,286
Total Liabilities, Deferred Inflows and Fund Balances	$ 1,026,638	$ 798,774	$ 480,816	$ 3,212,286

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Special Revenue			
	Crime Control District	**Economic Development**	**Traffic Safety**	**Gas Development**
Assets				
Cash and cash equivalents	$ 339,672	$ 379,731	$ 296,836	$ 1,265,756
Investments	406,894	441,376	358,618	1,503,438
Receivables, net of allowance:				
Accounts	-	-	-	35,455
Other taxes receivable	1,220,837	-	-	-
Interest receivable	250	271	220	922
Assets limited to use:				
Cash and cash equivalents	1,006,676	-	-	-
Total Assets	$ 2,974,329	$ 821,378	$ 655,674	$ 2,805,571
Liabilities				
Accounts payable	$ 430,447	$ -	$ -	$ -
Deposits and other liabilities	66	-	214	-
Total Liabilities	430,513	-	214	-
Fund Balances				
Restricted:				
Crime control district	2,543,816	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	821,378	-	-
Public safety	-	-	655,460	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	2,805,571
Total Fund Balances	2,543,816	821,378	655,460	2,805,571
Total Liabilities, Deferred Inflows and Fund Balances	$ 2,974,329	$ 821,378	$ 655,674	$ 2,805,571

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Capital Projects		Debt Service	
	TIF #3 Capital Projects Fund	City Point Development Project Fund	City Point Development Bond Fund	Sales Tax Revenue Bond
Assets				
Cash and cash equivalents	$ 28,830	$ 43,332	$ 953,393	$ -
Investments	-	-	-	-
Receivables, net of allowance:				
Accounts	-	-	-	-
Other taxes receivable	-	-	-	-
Interest receivable	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Total Assets	$ 28,830	$ 43,332	$ 953,393	$ -
Liabilities				
Accounts payable	$ 744	$ -	$ -	$ -
Deposits and other liabilities	-	-	-	-
Total Liabilities	744	-	-	-
Fund Balances				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	953,393	-
Promotional & economic development	28,086	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	43,332	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Total Fund Balances	28,086	43,332	953,393	-
Total Liabilities, Deferred Inflows and Fund Balances	$ 28,830	$ 43,332	$ 953,393	$ -

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Total Non-Major Governmental Funds
Assets	
Cash and cash equivalents	$ 5,707,004
Investments	5,551,686
Receivables, net of allowance:	
Accounts	231,705
Other taxes receivable	1,300,545
Interest receivable	3,405
Assets limited to use:	
Cash and cash equivalents	1,006,676
Total Assets	$ 13,801,021
Liabilities	
Accounts payable	$ 431,711
Deposits and other liabilities	13,454
Total Liabilities	445,165
Fund Balances	
Restricted:	
Crime control district	2,543,816
Debt service	953,393
Promotional & economic development	1,876,102
Public safety	1,122,710
Capital projects (bond funded)	43,332
Committed:	
Donations	798,646
Drainage Utility	3,212,286
Gas development	2,805,571
Total Fund Balances	13,355,856
Total Liabilities, Deferred Inflows and Fund Balances	$ 13,801,021

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue			
	Promotional	**Donations**	**Special Investigations**	**Drainage Utility**
Revenues				
Taxes	$ 312,158	$ -	$ -	$ -
Charges for services	-	3,500	15,012	1,751,877
Gas utility leases and royalties	-	-	-	-
Contributions	-	204,756	-	-
Special assessments	-	-	-	-
Investment income	33,554	27,824	18,384	113,803
Intergovernmental	-	1,296	-	-
Forfeitures	-	-	117,638	-
Total Revenues	345,712	237,376	151,034	1,865,680
Expenditures				
General government	155,739	24,859	-	2,237,000
Public safety	-	13,148	96,554	-
Culture and recreation	124,405	77,628	-	-
Public works	-	-	-	258,650
Capital outlay:				
Capital Outlay	-	-	53,036	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	280,144	115,635	149,590	2,495,650
Excess (deficiency) of revenues over expenditures	65,568	121,741	1,444	(629,970)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(54,000)	-	(203,975)
Total Other Financing Sources (Uses)	-	(54,000)	-	(203,975)
Net change in fund balances	65,568	67,741	1,444	(833,945)
Fund Balances - Beginning of Year	961,070	730,905	465,806	4,046,231
Fund Balances - End of Year	$ 1,026,638	$ 798,646	$ 467,250	$ 3,212,286

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue			
	Crime Control District	**Economic Development**	**Traffic Safety**	**Gas Development**
Revenues				
Taxes	$ 7,047,109	$ -	$ -	$ -
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	545,430
Contributions	-	-	-	-
Special assessments	-	-	-	-
Investment income	113,108	23,227	26,342	69,614
Intergovernmental	439,309	-	-	-
Forfeitures	-	-	-	-
Total Revenues	7,599,526	23,227	26,342	615,044
Expenditures				
General government	-	-	-	-
Public safety	7,241,478	-	71,908	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay:				
Capital Outlay	44,965	-	-	-
Debt service:				
Principal retirement	3,164	-	-	-
Interest and fiscal charges	62	-	-	-
Total Expenditures	7,289,669	-	71,908	-
Excess (deficiency) of revenues over expenditures	309,857	23,227	(45,566)	615,044
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	351,459
Transfers in	-	172,748	-	-
Transfers out	(431,488)	-	-	(250,000)
Total Other Financing Sources (Uses)	(431,488)	172,748	-	101,459
Net change in fund balances	(121,631)	195,975	(45,566)	716,503
Fund Balances - Beginning of Year	2,665,447	625,403	701,026	2,089,068
Fund Balances - End of Year	$ 2,543,816	$ 821,378	$ 655,460	$ 2,805,571

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Capital Projects		Debt Service	
	TIF #3 Capital Projects Fund	City Point Development Project Fund	City Point Development Bond Fund	Sales Tax Revenue Bond
Revenues				
Taxes	$ 28,827	$ -	$ -	$ -
Charges for services	-	-	-	-
Gas utility leases and royalties	-	-	-	-
Contributions	-	-	-	-
Special assessments	-	-	499,850	-
Investment income	-	4,950	190,361	-
Intergovernmental	-	-	-	-
Forfeitures	-	-	-	-
Total Revenues	28,827	4,950	690,211	-
Expenditures				
General government	14,992	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	387,179	-	-
Capital outlay:				
Capital Outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	180,000	-
Interest and fiscal charges	-	8,000	370,812	-
Total Expenditures	14,992	395,179	550,812	-
Excess (deficiency) of revenues over expenditures	13,835	(390,229)	139,399	-
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,369)
Total Other Financing Sources (Uses)	-	-	-	(1,369)
Net change in fund balances	13,835	(390,229)	139,399	(1,369)
Fund Balances - Beginning of Year	14,251	433,561	813,994	1,369
Fund Balances - End of Year	$ 28,086	$ 43,332	$ 953,393	$ -

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Total Non-major Governmental Funds
Revenues	
Taxes	$ 7,388,094
Charges for services	1,770,389
Gas utility leases and royalties	545,430
Contributions	204,756
Special assessments	499,850
Investment income	621,167
Intergovernmental	440,605
Forfeitures	117,638
Total Revenues	11,587,929
Expenditures	
General government	2,432,590
Public safety	7,423,088
Culture and recreation	202,033
Public works	645,829
Capital outlay:	
Capital Outlay	98,001
Debt service:	
Principal retirement	183,164
Interest and fiscal charges	378,874
Total Expenditures	11,363,579
Excess (deficiency) of revenues over expenditures	224,350
Other Financing Sources (Uses)	
Proceeds from sale of assets	351,459
Transfers in	172,748
Transfers out	(940,832)
Total Other Financing Sources (Uses)	(416,625)
Net change in fund balances	(192,275)
Fund Balances - Beginning of Year	13,548,131
Fund Balances - End of Year	$ 13,355,856

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL DEBT SERVICE FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Taxes	$ 12,718,118	$ 12,718,118	$ 13,507,630	$ 789,512
Intergovernmental	-	-	63,068	63,068
Transfers	880,280	880,280	-	(880,280)
Miscellaneous	859,364	912,580	957,046	44,466
Total Revenues	14,457,762	14,510,978	14,527,744	16,766
Expenditures				
Debt service payment	14,448,262	14,448,262	14,380,402	67,860
Issuance costs/paying agent fees	9,500	21,185	-	21,185
Total Expenditures	14,457,762	14,469,447	14,380,402	89,045
Net Increase (Decrease)	$ -	$ 41,531	147,342	$ 105,811
Reconciliation between budgetary basis actual and GAAP				
Net change in fund balance (deficit) - GAAP			$ 147,342	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - PROMOTIONAL FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy taxes	$ 300,000	$ 300,000	$ 312,158	$ 12,158
Miscellaneous	4,278	19,377	40,052	20,675
Appropriation of fund balance	-	6,000	-	(6,000)
Total Revenues	304,278	325,377	352,210	26,833
Expenditures				
Operating expenses:				
Economic development	140,020	146,109	131,664	14,445
Parks and recreation	148,729	148,872	141,105	7,767
Non-departmental	562	330	192	138
Sub-total operating expenses	289,311	295,311	272,961	22,350
Other & Reserves:				
Planned contributions to fund balance	14,967	30,066	79,249	(49,183)
Total Expenditures	304,278	325,377	352,210	(26,833)
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			79,249	
Miscellaneous			(13,681)	
Net change in fund balance (deficit) - GAAP			$ 65,568	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DONATIONS FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Parks and recreation program donations	$ 50,300	$ 65,300	$ 78,385	$ 13,085
Library program donations	37,391	37,391	42,169	4,778
Neighborhood services program donations	75,100	75,100	66,685	(8,415)
Public safety program donations	19,250	20,700	8,950	(11,750)
Teen court program donations	4,000	4,000	3,264	(736)
Miscellaneous	3,705	3,705	33,199	29,494
Appropriation of fund balance	52,900	52,983	-	(52,983)
Total Revenues	242,646	259,179	232,652	(26,527)
Expenditures				
Municipal court	10,220	10,820	4,000	6,820
Library	52,391	52,475	36,138	16,337
Neighborhood services	86,300	86,300	78,859	7,441
Parks and recreation	67,000	79,000	41,490	37,510
Police	18,720	15,320	9,148	6,172
Planned contributions to fund balance	-	-	63,015	(63,015)
Total Expenditures	234,631	243,915	232,650	11,265
Net Increase (Decrease)	$ 8,015	$ 15,264	2	$ (15,262)
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			63,015	
Miscellaneous			4,724	
Net change in fund balance (deficit) - GAAP			$ 67,741	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SPECIAL INVESTIGATIONS FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Federal forfeited funds	$ 50,000	$ 50,000	$ 81,177	$ 31,177
State forfeited funds	35,000	35,000	35,591	591
Local forfeited funds	1,000	1,000	1,353	353
AFIS reimbursements	14,900	14,900	14,424	(476)
Miscellaneous	2,800	2,800	21,144	18,344
Appropriation of fund balance	186,800	174,550	-	(174,550)
Total Revenues	290,500	278,250	153,689	(124,561)
Expenditures				
Police	290,500	278,250	149,538	128,712
Planned contributions to fund balance	-	-	4,150	(4,150)
Total Expenditures	290,500	278,250	153,688	124,562
Net Increase (Decrease)	$ -	$ -	1	$ 1
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			4,150	
Miscellaneous			(2,707)	
Net change in fund balance (deficit) - GAAP			$ 1,444	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - DRAINAGE UTILITY FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 1,725,000	$ 1,725,000	$ 1,751,877	$ 26,877
Miscellaneous	16,252	42,519	111,571	69,052
Appropriation of fund balance	980,828	980,828	834,100	(146,728)
Total Revenues	2,722,080	2,748,347	2,697,548	(50,799)
Expenditures				
Public works	276,005	279,947	255,528	24,419
Non-departmental	5,100	5,100	1,045	4,055
Debt service payment	203,975	203,975	203,975	-
Capital project transfers	2,237,000	2,237,000	2,237,000	-
Planned contributions to fund balance	-	22,325	-	22,325
Total Expenditures	2,722,080	2,748,347	2,697,548	50,799
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			155	
Appropriation of fund balance			(834,100)	
Net change in fund balance (deficit) - GAAP			$ (833,945)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - CRIME CONTROL DISTRICT
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 6,253,292	$ 7,030,597	$ 7,047,109	$ 16,512
Intergovernmental	377,827	377,827	381,085	3,258
Miscellaneous	84,498	84,498	155,608	71,110
Appropriation of fund balance	-	287,077	287,081	4
Total Revenues	6,715,617	7,779,999	7,870,883	90,884
Expenditures				
Operating:				
Police	6,382,473	6,734,427	6,532,790	201,637
Non-departmental	164,988	285,246	241,310	43,936
Sub-total operating	6,547,461	7,019,673	6,774,100	245,573
Other & Reserves:				
Transfer to other funds	48,750	98,750	524,583	(425,833)
Planned contributions to fund balance	119,406	661,576	572,200	89,376
Sub-total other & reserves	168,156	760,326	1,096,783	(336,457)
Total Expenditures	6,715,617	7,779,999	7,870,883	(90,884)
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			165,720	
Appropriation of fund balance			(287,081)	
Net change in fund balance (deficit) - GAAP			$ (121,361)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - TRAFFIC SAFETY FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	$ 3,659	$ 14,740	$ 28,964	$ 14,224
Appropriation of fund balance	109,062	103,428	42,944	(60,484)
Total Revenues	112,721	118,168	71,908	(46,260)
Expenditures				
Police	112,721	118,168	71,908	46,260
Total Expenditures	112,721	118,168	71,908	46,260
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			(2,622)	
Appropriation of fund balance			(42,944)	
Net change in fund balance (deficit) - GAAP			$ (45,566)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GAS DEVELOPMENT FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Royalty payments	$ 705,973	$ 705,973	$ 545,430	$ (160,543)
Miscellaneous	5,871	392,170	456,986	64,816
Total Revenues	711,844	1,098,143	1,002,416	(95,727)
Expenditures				
Other & Reserves:				
Capital project transfers	250,000	250,000	250,000	-
Planned contributions to fund balance	461,844	848,143	752,416	95,727
Sub-total other & reserves	711,844	1,098,143	1,002,416	95,727
Total Expenditures	711,844	1,098,143	1,002,416	95,727
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Planned Contributions			752,416	
Miscellaneous			(35,913)	
Net change in fund balance (deficit) - GAAP			$ 716,503	

NRH_2O Family Water Park is North Texas' favorite family water park, conveniently located between Dallas and Fort Worth. The park features 8 water slides, a kiddie area, a large wave pool, a large lagoon-like play area, a lazy river and is open from May through September. Since NRH_2O opened in 1995, it has consistently ranked amongst the top water parks in the nation

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Utility Fund – To account for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections. All activities of the fund are supported by the customers of the utility.

Aquatic Park Fund - To account for the operation of NRH2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service. All activities of the fund are supported by the patrons of the water park.

Golf Course Fund – To account for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund. All activities of the fund are supported by the patrons of the golf course.

INTERNAL SERVICE FUNDS

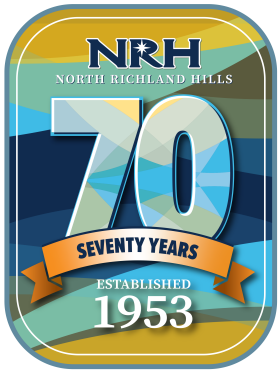
Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.

NRH


NRH
NORTH RICHLAND HILLS
70
SEVENTY YEARS
ESTABLISHED
1953

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2023

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 1,032,917	$ 1,697,079	$ 8,770,408	$ 3,217	$ 11,503,621
Investments	1,227,578	2,117,228	13,158,533	1,206,888	17,710,227
Accounts receivable, net of allowances:					
Other	-	-	111,190	6,217	117,407
Interest receivable	753	1,298	8,069	740	10,860
Lease receivable	-	-	-	28,497	28,497
Prepaid items	-	-	278,016	194,570	472,586
Inventories, at cost	37,509	207,801	-	-	245,310
Total current assets	2,298,757	4,023,406	22,326,216	1,440,129	30,088,508
Noncurrent assets:					
Restricted cash and cash equivalents	-	90,947	2,491,218	-	2,582,165
Interfund loan receivable	-	-	500,000	-	500,000
Capital assets, net:					
Buildings and improvements	176,155	-	-	-	176,155
Other improvements	207,372	-	-	602,769	810,141
Machinery and equipment	842,051	8,400,094	13,312	6,609,095	15,864,552
Leased equipment	2,506	2,646	2,904	1,807	9,863
Subscription assets	-	-	-	586,973	586,973
Construction in progress	777,269	1,127,119	-	945,188	2,849,576
Accumulated depreciation	(452,674)	(6,154,406)	(15,560)	(2,839,082)	(9,461,722)
Net capital assets	1,552,679	3,375,453	656	5,906,750	10,835,538
Total noncurrent assets	1,552,679	3,466,400	2,991,874	5,906,750	13,917,703
Total Assets	3,851,436	7,489,806	25,318,090	7,346,879	44,006,211
Deferred Outflows of Resources					
Deferred outflows - OPEB	65,228	71,478	35,559	85,963	258,228
Deferred outflows - Pension	1,167,269	1,012,408	690,121	691,034	3,560,832
Total Deferred Outflows of Resources	1,232,497	1,083,886	725,680	776,997	3,819,060
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	103,199	16,228	1,999	49,893	171,319
Due to other funds	-	-	-	283,622	283,622
Other current liabilities	277	44	991,149	6	991,476
Compensated absences	6,318	23,731	5,873	21,549	57,471
Accrued interest payable	-	-	-	5,263	5,263
Lease liabilities	970	1,024	1,124	700	3,818
Subscription liabilities	-	-	-	138,440	138,440
Total current liabilities	110,764	41,027	1,000,145	499,473	1,651,409
Noncurrent liabilities:					
Lease liabilities	566	598	656	408	2,228
Subscription liabilities	-	-	-	239,398	239,398
Compensated absences	80,969	59,731	81,102	174,669	396,471
Net OPEB liability	525,654	576,017	286,559	692,738	2,080,968
Net pension liability	1,903,951	1,651,353	1,125,667	1,127,156	5,808,127
Total noncurrent liabilities	2,511,140	2,287,699	1,493,984	2,234,369	8,527,192
Total Liabilities	2,621,904	2,328,726	2,494,129	2,733,842	10,178,601
Deferred Inflows of Resources					
Deferred inflows - OPEB	278,520	305,204	151,834	367,049	1,102,607
Deferred inflows - Pension	842	730	498	498	2,568
Deferred inflows - Leases	-	-	-	33,111	33,111
Total Deferred Inflows of Resources	279,362	305,934	152,332	400,658	1,138,286
Net Position					
Net investment in capital assets	1,551,143	3,373,831	-	5,527,804	10,452,778
Unrestricted net position (deficit)	631,524	2,565,201	23,397,309	(538,428)	26,055,606
Total Net Position	$ 2,182,667	$ 5,939,032	$ 23,397,309	$ 4,989,376	$ 36,508,384

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2023

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Operating Revenues					
Internal service revenues:					
Risk management	$ -	$ -	$ 14,692,004	$ -	$ 14,692,004
Facilities and fleet management	3,066,991	4,491,812	-	-	7,558,803
Information systems management	-	-	-	4,394,543	4,394,543
Miscellaneous revenues	-	-	380,087	214,096	594,183
Total Operating Revenues	3,066,991	4,491,812	15,072,091	4,608,639	27,239,533
Operating Expenses					
Claims	-	-	10,487,934	118,247	10,606,181
Contractual services	1,148,732	147,007	1,980,651	387,296	3,663,686
Personnel services	1,569,873	1,448,746	821,781	1,551,945	5,392,345
Repairs and maintenance	888,863	284,488	-	360,085	1,533,436
Supplies	95,210	873,740	29,897	646,364	1,645,211
Depreciation/amortization	31,471	230,945	1,124	399,252	662,792
Total Operating Expenses	3,734,149	2,984,926	13,321,387	3,463,189	23,503,651
Operating income (loss)	(667,158)	1,506,886	1,750,704	1,145,450	3,735,882
Nonoperating Revenues (Expenses)					
Investment income	91,154	155,276	809,785	59,744	1,115,959
Interest expense	(985)	(1,040)	(1,142)	(220,616)	(223,783)
Other income	-	3,675	26,987	1	30,663
Total Nonoperating Revenues (Expenses)	90,169	157,911	835,630	(160,871)	922,839
Income (loss) before transfers	(576,989)	1,664,797	2,586,334	984,579	4,658,721
Transfers					
Transfers in	1,096,158	62,000	-	2,485,591	3,643,749
Transfers out	(121,000)	(701,412)	-	(1,462,853)	(2,285,265)
Total Transfers	975,158	(639,412)	-	1,022,738	1,358,484
Change in net position	398,169	1,025,385	2,586,334	2,007,317	6,017,205
Net Position - Beginning of Year	1,784,498	4,913,647	20,810,975	2,982,059	30,491,179
Net Position - End of Year	$ 2,182,667	$ 5,939,032	$ 23,397,309	$ 4,989,376	$ 36,508,384

CITY OF NORTH RICHLAND HILLS, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2023

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	$ 3,066,492	$ 4,490,923	$ 15,069,583	$ 4,624,388	$ 27,251,386
Payments to suppliers	(2,128,197)	(1,407,181)	(12,462,949)	(1,263,113)	(17,261,440)
Payments to employees	(1,119,846)	(1,154,155)	(576,728)	(1,498,424)	(4,349,153)
Net cash provided by (used for) operating activities	(181,551)	1,929,587	2,029,906	1,862,851	5,640,793
Cash flows form noncapital financing activities:					
Transfers from other funds	1,096,158	62,000	-	2,485,591	3,643,749
Transfers to other funds	(121,000)	(701,412)	-	(1,462,853)	(2,285,265)
Other noncapital financing receipts	-	3,675	26,987	1	30,663
Net cash provided by (used for) noncapital financing activities	975,158	(635,737)	26,987	1,022,739	1,389,147
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,095,188)	(1,520,925)	1,125	(3,293,075)	(5,908,063)
Principal paid on leases and subscriptions	(981)	(1,035)	(1,138)	(62,125)	(65,279)
Interest paid on leases and subscriptions	(985)	(1,040)	(1,142)	(215,353)	(218,520)
Net cash used for capital and related financing activities	(1,097,154)	(1,523,000)	(1,155)	(3,570,553)	(6,191,862)
Cash flows from investing activities:					
Sale (purchase) of investments, net	44,774	(69,703)	(2,156,429)	(260,644)	(2,442,002)
Interest and dividends received	91,154	155,276	809,785	59,744	1,115,959
Net cash provided by (used for) investing activities	135,928	85,573	(1,346,644)	(200,900)	(1,326,043)
Net increase (decrease) in cash and cash equivalents	(167,619)	(143,577)	709,094	(885,863)	(487,965)
Cash and cash equivalents, beginning of year	1,200,536	1,931,603	10,552,532	889,080	14,573,751
Cash and cash equivalents, end of year	$ 1,032,917	$ 1,788,026	$ 11,261,626	$ 3,217	$ 14,085,786
Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds					
Cash and cash equivalents - current	$ 1,032,917	$ 1,697,079	$ 8,770,408	$ 3,217	$ 11,503,621
Cash and cash equivalents - noncurrent	-	90,947	2,491,218	-	2,582,165
Total cash and cash equivalents	$ 1,032,917	$ 1,788,026	$ 11,261,626	$ 3,217	$ 14,085,786
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (667,158)	$ 1,506,886	$ 1,750,704	$ 1,145,450	$ 3,735,882
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	31,471	230,945	1,124	399,252	662,792
(Increase) decrease in accounts receivable	(499)	(889)	(2,508)	15,749	11,853
(Increase) decrease in prepaid items	-	-	31,384	29,062	60,446
(Increase) decrease in inventories	3,082	(20,640)	-	-	(17,558)
(Increase) decrease in deferred outflows - pension	(1,046,778)	(876,011)	(613,196)	(533,893)	(3,069,878)
(Increase) decrease in deferred outflows - OPEB	68,418	71,109	45,664	106,558	291,749
Increase (decrease) in accounts payable	1,526	(81,306)	4,149	231,504	155,873
Increase (decrease) in deferred inflows- pension	(239,996)	(371,054)	(155,671)	(438,324)	(1,205,045)
Increase (decrease) in deferred inflows - OPEB	(24,190)	22,863	(29,875)	(69,865)	(101,067)
Increase (decrease) in deferred inflows - leases	-	-	-	(11,687)	(11,687)
Increase (decrease) in compensated absences	22,606	12,420	8,151	42,175	85,352
Increase (decrease) in net pension/OPEB liabilities	1,669,967	1,435,264	989,980	946,870	5,042,081
Total adjustments	485,607	422,701	279,202	717,401	1,904,911
Net cash provided by (used for) operating activities	$ (181,551)	$ 1,929,587	$ 2,029,906	$ 1,862,851	$ 5,640,793

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Water sales & charges				
Water charges	$ 25,776,926	$ 27,297,839	$ 29,627,695	$ 2,329,856
Sub-total water sales & charges	25,776,926	27,297,839	29,627,695	2,329,856
Sewer sales & charges				
Sewer charges	13,372,091	13,648,688	13,984,049	335,361
Sub-total sewer sales & charges	13,372,091	13,648,688	13,984,049	335,361
Miscellaneous				
Service charges	790,245	762,343	793,752	31,409
Appropriation of net position	1,418,872	3,847,895	-	(3,847,895)
Miscellaneous	71,168	374,543	744,316	369,773
Sub-total miscellaneous	2,280,285	4,984,781	1,538,068	(3,446,713)
Total Revenues	41,429,302	45,931,308	45,149,812	(781,496)
Expenses				
Operating:				
Water operations	17,190,298	17,321,149	16,207,271	1,113,878
Sewer operations	8,616,832	9,385,117	8,745,633	639,484
Utility billing / customer service	2,675,974	2,704,392	2,749,128	(44,736)
Administration	397,701	416,305	391,389	24,916
Development	1,115,990	1,125,458	1,087,039	38,419
Utility construction crew & support	400,025	402,452	344,893	57,559
Right of way maintenance	1,301,994	1,294,090	1,202,296	91,794
Building services	1,852,138	1,852,138	1,852,138	-
Non-Departmental	373,074	2,829,597	2,663,689	165,908
Sub-total operating	33,924,026	37,330,698	35,243,476	2,087,222
Other & Reserves:				
Debt service	2,155,349	2,155,349	2,146,451	8,898
Franchise fees	1,133,535	1,133,535	1,243,806	(110,271)
Indirect costs	2,182,170	2,182,170	2,182,170	-
Payment in lieu of taxes	399,222	399,222	399,222	-
Information services fund	175,000	175,000	175,000	-
Reserve for capital	1,460,000	1,460,000	1,460,000	-
Planned contributions to net position	-	1,095,334	-	1,095,334
Sub-total others & reserve	7,505,276	8,600,610	7,606,649	993,961
Total Expenses	41,429,302	45,931,308	42,850,125	3,081,183
Net Increase (Decrease)	$ -	$ -	2,299,687	$ 2,299,687
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			351,360	
Depreciation expense			(4,112,854)	
Debt service principal payments			1,282,928	
Increase in fair value of investments			493,687	
Accruals due to receivables and revenues			309,570	
Transfers in/out			802,274	
Net change in fund balance (deficit) - GAAP			$ 1,426,652	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Admissions	$ 3,316,162	$ 3,451,900	$ 3,592,919	$ 141,019
Food & beverage	935,060	945,566	933,849	(11,717)
Merchandise	169,187	194,473	133,141	(61,332)
Rentals	171,100	188,892	208,362	19,470
Sub-total operating	4,591,509	4,780,831	4,868,271	87,440
Other revenues:				
Interest income	8,775	31,039	74,696	43,657
Appropriation of net position	-	116,583	-	(116,583)
Miscellaneous	60,000	50,000	13,790	(36,210)
Sub-total other revenues	68,775	197,622	88,486	(109,136)
Total Revenues	4,660,284	4,978,453	4,956,757	(21,696)
Expenses				
Operating:				
Non-Departmental	84,538	82,580	81,324	1,256
General services & utilities	866,069	824,105	796,418	27,687
Public grounds, aquatics, and maintenance	1,331,431	1,734,915	1,659,626	75,289
Business & office admin.	427,690	337,789	334,677	3,112
Gift shop	139,389	161,759	145,187	16,572
Food & beverage	187,877	226,268	193,674	32,594
Ice cream	146,773	174,910	145,783	29,127
Funnel cake	37,190	35,444	21,280	14,164
Food service building	253,219	325,849	297,285	28,564
Group sales	20,123	16,986	15,694	1,292
Admissions	192,238	198,877	185,208	13,669
Elements of fun	14,827	5,098	6,875	(1,777)
Birthday parties	35,049	55,176	42,907	12,269
Catering	48,952	56,465	48,163	8,302
Rentals	12,537	11,308	11,421	(113)
Walkers creek	43,368	30,868	8,969	21,899
Sub-total operating	3,841,270	4,278,397	3,994,491	283,906
Other & Reserves:				
Debt service	700,056	700,056	699,799	257
Planned contributions to net position	118,958	-	262,467	(262,467)
Sub-total other & reserves	819,014	700,056	962,266	(262,210)
Total Expenses	4,660,284	4,978,453	4,956,757	21,696
Net Increase (Decrease)	$ -	$ -	-	$ -
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			(142,644)	
Depreciation expense			(952,337)	
Debt service principal payments			582,824	
Increase (decrease) in fair value of investments			21,574	
Planned contributions to net position			262,467	
Net change in fund balance (deficit) - GAAP			$ (228,116)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Green fees	$ 1,828,800	$ 1,828,800	$ 1,743,589	$ (85,211)
Pro shop	319,473	319,473	270,864	(48,609)
Driving range	155,000	155,000	138,389	(16,611)
Carts	453,505	453,505	338,223	(115,282)
Food & beverage	569,282	569,282	699,965	130,683
Appropriation of net position	-	4,193	-	(4,193)
Miscellaneous	19,000	19,000	12,832	(6,168)
Total Revenues	3,345,060	3,349,253	3,203,862	(145,391)
Expenses				
Operating:				
Pro shop	235,892	235,892	202,680	33,212
Pro shop: cost of goods sold	203,628	203,628	148,162	55,466
Driving range	28,300	28,300	7,929	20,371
Golf carts	299,413	299,413	358,599	(59,186)
Course maintenance	1,003,469	1,003,469	928,066	75,403
Food & beverage	266,658	266,658	299,837	(33,179)
Food & beverage: cost of goods sold	188,759	188,759	210,381	(21,622)
Sales & membership	95,412	95,412	95,870	(458)
General & administrative	484,502	484,502	563,721	(79,219)
Management fees	133,042	133,042	130,392	2,650
Equipment repair and replacement	65,737	69,930	-	69,930
Sub-total operating	3,004,812	3,009,005	2,945,637	63,368
Other & Reserves:				
Debt service	310,590	310,590	310,331	259
Planned contributions to net position	29,658	29,658	-	29,658
Sub-total other & reserves	340,248	340,248	310,331	29,917
Total Expenses	3,345,060	3,349,253	3,255,968	93,285
Net Increase (Decrease)	$ -	$ -	(52,106)	$ (52,106)
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			65,952	
Depreciation expense			(322,597)	
Debt service principal payments			111,723	
Lease payments			25,990	
Increase (decrease) in fair value of investments			12,209	
Accruals due to receivables and revenues			137,714	
Net change in fund balance (deficit) - GAAP			$ (21,115)	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services:				
Internal service charge	$ 3,066,991	$ 3,066,991	$ 3,066,991	$ -
Sub-total charges for services	3,066,991	3,066,991	3,066,991	-
Other revenues:				
Interest income	17,953	49,252	98,936	49,684
Miscellaneous	3,653	3,653	-	(3,653)
Appropriation of net position	236,002	496,072	209,223	(286,849)
Sub-total other revenues	257,608	548,977	308,159	(240,818)
Total Revenues	3,324,599	3,615,968	3,375,150	(240,818)
Expenses:				
Operating:				
Administration	265,539	266,894	263,338	3,556
Building services	2,861,815	3,171,022	2,937,166	233,856
Rental property program	36,120	15,668	15,679	(11)
Non-department	30,125	29,840	25,922	3,918
Sub-total operating	3,193,599	3,483,424	3,242,105	241,319
Capital Project Transfers	131,000	132,544	132,544	-
Total Expenses	3,324,599	3,615,968	3,374,649	241,319
Net Increase (Decrease)	$ -	$ -	$ 501	$ 501
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			(54,638)	
Depreciation expense			(31,471)	
Debt service payments			(985)	
Increase (decrease) in fair value of investments			(7,282)	
Accruals related to receivables and revenues			492,044	
Net change in fund balance (deficit) - GAAP			$ 398,169	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Transfers from:				
Internal service charge	$ 4,491,812	$ 4,491,812	$ 4,491,812	$ -
Sub-total transfers from	4,491,812	4,491,812	4,491,812	-
Other revenues:				
Interest income	20,605	90,291	174,082	83,791
Sale of city property	51,463	51,463	-	(51,463)
Miscellaneous	62,000	62,000	65,675	3,675
Appropriation of net position	128,020	1,649,485	-	(1,649,485)
Sub-total other revenues	262,088	1,853,239	239,757	(1,613,482)
Total Revenues	4,753,900	6,345,051	4,731,569	(1,613,482)
Expenses:				
Operating:				
Administration	312,128	313,241	312,878	363
Fleet services operations	2,185,549	2,259,639	2,084,692	174,947
Fire fleet maintenance operations	435,228	537,436	518,780	18,656
Vehicle and equipment purchases	1,090,622	2,441,563	1,039,982	1,401,581
Non-department	28,961	28,249	25,334	2,915
Sub-total operating	4,052,488	5,580,128	3,981,666	1,598,462
Other & Reserves:				
Debt service	701,412	701,412	701,412	-
Planned contributions to net position	-	63,511	48,491	15,020
Sub-total other & reserves	701,412	764,923	749,903	15,020
Total Expenses	4,753,900	6,345,051	4,731,569	1,613,482
Net Increase (Decrease)	$ -	$ -	$ -	$ -
Reconciliation between budgetary basis actual and GAAP				
Depreciation expense			(230,945)	
Debt service payments			(1,040)	
Capital outlay			1,039,982	
Increase (decrease) in fair value of investments			(18,806)	
Accruals related to receivables and revenues			249,703	
Transfers in			(62,000)	
Planned contributions to net position			48,491	
Net change in fund balance (deficit) - GAAP			$ 1,025,385	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - SELF INURANCE FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Allocations:				
Health/medical city contribution	$ 9,512,080	$ 9,528,257	$ 9,479,130	$ (49,127)
Health/medical employee contribution	2,669,470	2,669,470	2,627,896	(41,574)
Worker's compensation allocation	515,000	423,534	301,930	(121,604)
Administration allocation	715,753	807,946	931,903	123,957
Liability and other insurance allocation	1,140,842	1,140,842	1,141,803	961
Stop loss insurance reimbursement	400,000	400,000	111,052	(288,948)
Flexible spending account reimbusement	146,000	146,000	98,504	(47,496)
Sub-total allocations	15,099,145	15,116,049	14,692,218	(423,831)
Other revenues:				
Miscellaneous	128,929	507,020	1,407,051	900,031
Appropriation of net position	-	206,381	-	(206,381)
Sub-total other revenues	128,929	713,401	1,407,051	693,650
Total Revenues	15,228,074	15,829,450	16,099,269	269,819
Expenses:				
Operating:				
Health/medical	$ 11,649,188	$ 11,507,956	$ 10,434,106	1,073,850
Worker's compensation	515,000	423,534	301,930	121,604
Personnel expenses	666,622	694,248	698,733	(4,485)
Property, liability and other insurance	1,140,842	1,240,842	1,486,902	(246,060)
Flexible spending account expense	146,000	146,000	98,369	47,631
Non-department	-	26,575	26,575	-
Sub-total operating	14,117,652	14,039,155	13,046,615	992,540
Transfer to retiree health care fund	100,000	100,000	-	100,000
Planned contributions	1,010,422	1,690,295	3,052,655	(1,362,360)
Total Expenses	15,228,074	15,829,450	16,099,270	(269,820)
Net Increase (Decrease)	$ -	$ -	2,586,334	$ 2,586,334
Reconciliation between budgetary basis actual and GAAP				
Miscellaneous			467,229	
Depreciation expense			(1,124)	
Debt service payments			(1,142)	
Increase (decrease) in fair value of investments			(190,191)	
Accruals related to receivables and revenues			(274,772)	
Net change in fund balance (deficit) - GAAP			$ 2,586,334	

CITY OF NORTH RICHLAND HILLS, TEXAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Internal service charge	$ 4,339,367	$ 4,395,723	$ 4,395,743	$ 20
Reimbursement from General fund	190,848	190,848	190,848	-
Transfer from Utility fund	175,000	175,000	175,000	-
Transmitter lease	180,000	180,000	212,809	32,809
Miscellaneous	13,555	35,918	84,564	48,646
Appropriation of net position	105,895	472,939	-	(472,939)
Total Revenues	5,004,665	5,450,428	5,058,964	(391,464)
Expenses:				
Operating:				
Administration	3,941,657	4,077,946	3,538,224	539,722
Major computer systems	600	11,454	468	10,986
Microcomputer systems	1,072	322	7,164	(6,842)
Telecommunications	-	10,813	10,819	(6)
Data network	1,550	36,101	34,765	1,336
GIS system	600	-	-	-
Public safety	880,107	1,138,499	825,605	312,894
Non-department	19,079	15,293	15,122	171
Sub-total operating	4,844,665	5,290,428	4,432,167	858,261
Capital project transfers	160,000	160,000	160,000	-
Planned contributions	-	-	466,798	(466,798)
Total Expenses	5,004,665	5,450,428	5,058,965	391,463
Net Increase (Decrease)	$ -	$ -	$ (1)	$ (1)
Reconciliation between budgetary basis actual and GAAP				
Appropriation of Fund Balance			28,789	
Depreciation expense			(399,252)	
Debt service payments			(220,616)	
Increase (decrease) in fair value of investments			(20,118)	
Accruals related to receivables and revenues			968,978	
Transfers in/out			1,649,537	
Net change in fund balance (deficit) - GAAP			$ 2,007,317	

Statistical Section

The NRH water and sewer utility provides services to over 21,000 residential and business customers. The water provided by the city consistently meets or exceeds all state and federal drinking water requirements. The City of North Richland Hills purchases its drinking water, as well as sewer treatment services, from the City of Fort Worth and the Trinity River Authority as a wholesale customer. The Public Works Department Utility Division is responsible for maintenance of the city's water and sewer infrastructure.

Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS

NET POSITION BY COMPONENT ***Table 1***
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in capital assets	$ 278,154,454	$ 251,882,289	$ 233,115,972	$ 230,108,507	$ 221,090,589
Restricted	19,034,768	14,550,865	26,927,746	23,228,613	20,825,594
Unrestricted	5,683,503	32,823,612	13,518,604	2,516,543	1,428,088
Total Governmental Activities Net Position	$ 302,872,725	$ 299,256,766	$ 273,562,322	$ 255,853,663	$ 243,344,271
Business-type Activities					
Net investment in capital assets	$ 71,302,418	$ 64,812,681	$ 65,153,537	$ 71,094,790	$ 73,399,637
Restricted	3,947,349	5,320,387	4,204,406	6,188,722	5,119,704
Unrestricted	31,320,512	32,657,981	24,110,383	12,239,489	8,872,010
Total Business-Type Activities Net Position	$ 106,570,279	$ 102,791,049	$ 93,468,326	$ 89,523,001	$ 87,391,351
Primary Government					
Net investment in capital assets	$ 349,456,872	$ 316,694,970	$ 298,269,509	$ 301,203,297	$ 294,490,226
Restricted	22,982,117	19,871,252	31,132,152	29,417,335	25,945,298
Unrestricted	37,004,015	65,481,593	37,628,987	14,756,032	10,300,098
Total Primary Government Net Position	$ 409,443,004	$ 402,047,815	$ 367,030,648	$ 345,376,664	$ 330,735,622

CITY OF NORTH RICHLAND HILLS, TEXAS

NET POSITION BY COMPONENT ***Table 1***
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	$ 214,081,749	$ 208,508,926	$ 199,625,197	$ 196,388,094	$ 196,926,762
Restricted	16,138,949	11,257,910	4,005,996	3,451,280	4,115,704
Unrestricted	(4,852,295)	15,716,225	28,160,118	30,601,993	39,299,589
Total Governmental Activities Net Position	$ 225,368,403	$ 235,483,061	$ 231,791,311	$ 230,441,367	$ 240,342,055
Business-type Activities					
Net investment in capital assets	$ 74,787,942	$ 52,999,815	$ 54,387,271	$ 57,335,778	$ 58,375,965
Restricted	4,260,462	3,764,244	3,507,899	4,153,891	3,788,127
Unrestricted	8,737,576	9,421,299	13,365,978	17,209,164	22,414,369
Total Business-Type Activities Net Position	$ 87,785,980	$ 66,185,358	$ 71,261,148	$ 78,698,833	$ 84,578,461
Primary Government					
Net investment in capital assets	$ 288,869,691	$ 261,508,741	$ 254,012,468	$ 253,723,872	$ 255,302,727
Restricted	20,399,411	15,022,154	7,513,895	7,605,171	7,903,831
Unrestricted	3,885,281	25,137,524	41,526,096	47,811,157	61,713,958
Total Primary Government Net Position	$ 313,154,383	$ 301,668,419	$ 303,052,459	$ 309,140,200	$ 324,920,516

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION ***Table 2***

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019
Expenses					
Governmental Activities:					
General government	$ 21,587,224	$ 14,110,928	$ 16,217,730	$ 18,402,693	$ 14,795,971
Public safety	50,266,194	29,248,967	31,352,267	30,185,432	34,641,711
Culture and recreation	14,938,648	9,595,172	11,744,572	12,150,887	12,988,181
Public works	9,938,628	10,137,484	10,915,178	7,988,277	8,100,775
Interest and other fees	4,440,585	4,011,988	3,681,268	4,873,291	3,452,789
Total Governmental Activities Expenses	101,171,279	67,104,539	73,911,015	73,600,580	73,979,427
Business-Type Activities:					
Utility	41,285,185	35,405,018	34,126,398	35,405,045	33,543,900
Aquatic park	5,206,451	4,472,396	4,155,497	3,215,995	4,556,251
Golf course	3,281,958	3,062,987	2,812,045	2,136,067	2,521,179
Total Business-type Activities Expenses	49,773,594	42,940,401	41,093,940	40,757,107	40,621,330
Total Primary Government Expenses	$ 150,944,873	$ 110,044,940	$ 115,004,955	$ 114,357,687	$ 114,600,757
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 6,797,882	$ 6,126,357	$ 5,805,195	$ 5,099,784	$ 5,311,802
Public safety	99,924	2,467,199	2,791,638	1,747,559	3,122,234
Culture and recreation	4,158,276	4,222,470	3,415,077	2,572,335	4,179,364
Public works	2,307,763	1,884,173	2,013,671	1,873,331	1,206,002
Operating grants and contributions	11,629,266	13,154,097	9,531,551	9,705,738	8,356,606
Capital grants and contributions	3,150,822	455,039	244,322	553,335	787,186
Total Governmental Activities Program Revenues	28,143,933	28,309,335	23,801,454	21,552,082	22,963,194
Business-Type Activities					
Charges for services:					
Utility	47,255,972	44,216,547	39,307,284	38,934,995	34,803,804
Aquatic park	5,106,502	5,308,121	4,598,425	287,217	4,072,406
Golf course	3,407,607	3,112,201	2,947,593	1,032,999	2,560,903
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	55,770,081	52,636,869	46,853,302	40,255,211	41,437,113
Total Primary Government Program Revenues	$ 83,914,014	$ 80,946,204	$ 70,654,756	$ 61,807,293	$ 64,400,307
Net (Expense) Revenue					
Governmental activities	$ (73,027,346)	$ (38,795,204)	$ (50,109,561)	$ (52,048,498)	$ (51,016,233)
Business-type activities	5,996,487	9,696,468	5,759,362	(501,896)	815,783
Total Primary Government Net Expense	$ (67,030,859)	$ (29,098,736)	$ (44,350,199)	$ (52,550,394)	$ (50,200,450)

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION ***Table 2***

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2018	2017	2016	2015	2014
Expenses					
Governmental Activities:					
General government	$ 7,726,396	$ 10,056,228	$ 17,381,050	$ 11,393,967	$ 11,226,130
Public safety	10,115,202	36,900,873	36,372,485	31,515,975	31,035,115
Culture and recreation	7,985,984	13,477,176	12,638,389	12,542,034	11,931,205
Public works	10,465,375	11,362,841	9,569,723	8,958,913	8,962,500
Interest and other fees	3,562,127	3,743,076	4,016,128	4,488,461	3,915,632
Total Governmental Activities Expenses	39,855,084	75,540,194	79,977,775	68,899,350	67,070,582
Business-Type Activities:					
Utility	32,041,219	31,655,646	31,490,416	30,228,765	28,066,386
Aquatic park	4,044,801	4,863,609	5,006,324	4,354,652	4,542,966
Golf course	2,562,080	2,554,338	2,465,475	2,394,132	2,433,004
Total Business-type Activities Expenses	38,648,100	39,073,593	38,962,215	36,977,549	35,042,356
Total Primary Government Expenses	$ 78,503,184	$ 114,613,787	$ 118,939,990	$ 105,876,899	$ 102,112,938
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 4,835,477	$ 5,904,994	$ 4,158,829	$ 5,145,175	$ 5,521,811
Public safety	2,757,133	2,443,763	3,486,887	3,894,194	3,655,306
Culture and recreation	3,487,459	3,274,056	3,246,982	3,104,181	3,100,292
Public works	1,100,243	1,118,102	979,812	1,063,766	1,136,920
Operating grants and contributions	7,086,384	4,910,865	3,336,301	2,966,484	2,826,280
Capital grants and contributions	225,013	1,647,847	4,575,258	478,587	2,676,372
Total Governmental Activities Program Revenues	19,491,709	19,299,627	19,784,069	16,652,387	18,916,981
Business-Type Activities					
Charges for services:					
Utility	37,145,864	31,983,377	30,544,439	29,826,840	30,483,178
Aquatic park	3,759,312	4,117,435	4,005,048	4,237,734	4,019,970
Golf course	2,361,058	2,543,641	2,552,175	2,335,223	2,314,514
Operating grants and contributions	-	-	-	-	84,842
Capital grants and contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	43,266,234	38,644,453	37,101,662	36,399,797	36,902,504
Total Primary Government Program Revenues	$ 62,757,943	$ 57,944,080	$ 56,885,731	$ 53,052,184	$ 55,819,485
Net (Expense) Revenue					
Governmental activities	$ (20,363,375)	$ (56,240,567)	$ (60,193,706)	$ (52,246,963)	$ (48,153,601)
Business-type activities	4,618,134	(429,140)	(1,860,553)	(577,752)	1,860,148
Total Primary Government Net Expense	$ (15,745,241)	$ (56,669,707)	$ (62,054,259)	$ (52,824,715)	$ (46,293,453)

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN NET POSITION ***Table 2***

Last Ten Fiscal Years ***Page 3 of 4***

(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 39,004,572	$ 37,241,474	$ 36,030,318	$ 34,618,987	$ 34,416,931
Sales tax	27,620,289	26,399,204	23,960,318	22,014,072	20,438,448
Mixed beverage	159,615	150,849	128,889	125,456	154,095
Franchise and other taxes	4,014,100	3,755,969	3,557,946	3,818,194	4,315,995
Occupancy	312,158	328,965	313,649	254,203	279,026
Grants not restricted to specific programs	4,526,423	-	-	-	-
Unrestricted investment earnings	6,235,547	(786,588)	109,853	2,032,166	2,670,106
Gain on sale of capital assets	115,818	3,419,511	-	-	-
Miscellaneous	664,540	148,772	983,598	2,379,746	3,101,123
Special Items	-	(7,547,912)	-	-	-
Transfers	4,657,924	1,379,404	2,733,649	(684,934)	3,616,377
Total Governmental Activities	87,310,986	64,489,648	67,818,220	64,557,890	68,992,101
Business-Type Activities:					
Unrestricted investment earnings	1,279,778	(301,257)	3,112	522,875	670,582
Gain on sale of capital assets	272	232,011	-	-	-
Miscellaneous	1,160,617	1,074,905	41,500	1,425,737	1,735,383
Transfers	(4,657,924)	(1,379,404)	(2,733,649)	684,934	(3,616,377)
Total Business-Type Activities	(2,217,257)	(373,745)	(2,689,037)	2,633,546	(1,210,412)
Total Primary Government	$ 85,093,729	$ 64,115,903	$ 65,129,183	$ 67,191,436	$ 67,781,689
Changes in Net Position:					
Governmental activities	$ 14,283,640	$ 25,694,444	$ 17,708,659	$ 12,509,392	$ 17,975,868
Business-type activities	3,779,230	9,322,723	3,070,325	2,131,650	(394,629)
Total Primary Government	$ 18,062,870	$ 35,017,167	$ 20,778,984	$ 14,641,042	$ 17,581,239

CITY OF NORTH RICHLAND HILLS, TEXAS

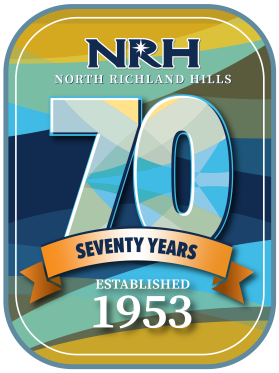
CHANGES IN NET POSITION ***Table 2***

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	$ 32,519,445	$ 29,852,651	$ 27,060,196	$ 26,099,238	$ 24,903,041
Sales tax	20,519,795	19,838,314	19,324,022	18,571,502	18,007,872
Mixed beverage	145,495	145,222	139,062	138,100	129,512
Franchise and other taxes	4,093,150	4,015,982	4,437,141	4,502,303	4,332,756
Occupancy	301,835	278,764	275,072	232,793	206,930
Unrestricted investment earnings	396,058	285,287	522,485	514,062	320,460
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	3,237,668	637,784	4,077,647	188,123	142,074
Special Items	-	-	-	-	-
Transfers	2,685,453	4,878,313	5,708,025	3,973,821	4,162,160
Total Governmental Activities	63,898,899	59,932,317	61,543,650	54,219,942	52,204,805
Business-Type Activities:					
Unrestricted investment earnings	63,542	74,378	127,777	119,568	20,007
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	2,153,798	157,285	3,116	35,052	300,555
Transfers	(2,685,453)	(4,878,313)	(5,708,025)	(3,973,821)	(4,162,160)
Total Business-Type Activities	(468,113)	(4,646,650)	(5,577,132)	(3,819,201)	(3,841,598)
Total Primary Government	$ 63,430,786	$ 55,285,667	$ 55,966,518	$ 50,400,741	$ 48,363,207
Changes in Net Position:					
Governmental activities	$ 43,535,524	$ 3,691,750	$ 1,349,944	$ 1,972,979	$ 4,051,204
Business-type activities	4,150,021	(5,075,790)	(7,437,685)	(4,396,953)	(1,981,450)
Total Primary Government	$ 47,685,545	$ (1,384,040)	$ (6,087,741)	$ (2,423,974)	$ 2,069,754

NRH


NRH
NORTH RICHLAND HILLS
70
SEVENTY YEARS
ESTABLISHED
1953

CITY OF NORTH RICHLAND HILLS, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS ***Table 3***

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	$ 85,615	$ 85,038	$ 97,974	$ 112,620	$ 155,829	$ 155,629	$ 235,578	$ 134,812	$ 341,273	$ 450,459
Restricted	1,805,900	1,774,039	1,740,797	1,548,032	1,345,276	1,128,109	986,704	572,174	567,522	476,163
Assigned	-	419,832	359,825	283,618	282,553	285,135	114,058	705,694	929,092	3,811,011
Unassigned	24,300,087	19,278,460	17,418,348	17,386,675	13,899,240	11,959,306	10,683,474	8,117,775	9,457,571	9,070,595
Total General Fund	26,191,602	21,557,369	19,616,944	19,330,945	15,682,898	13,528,179	12,019,814	9,530,455	11,295,458	13,808,228
All Other Governmental Funds										
Nonspendable	11,754	12,213	17,175	25,694	90,038	15,408	35,791	51,958	33,195	50,288
Restricted	83,214,796	51,090,659	67,879,762	59,937,737	38,419,489	33,168,349	30,949,263	29,505,140	44,653,934	74,611,779
Committed	14,908,343	27,325,952	14,730,496	3,068,399	4,733,528	2,251,461	2,130,744	2,067,819	1,565,680	1,070,103
Assigned	5,001,363	8,271,266	4,239,831	5,813,543	7,262,781	8,318,816	19,884,686	22,476,772	19,075,193	10,674,838
Unassigned	-	(356,601)	(25,398)	-	-	-	-	-	(406,809)	-
Total All Other Governmental Funds	103,136,256	86,343,489	86,841,866	68,845,373	50,505,836	43,754,034	53,000,484	54,101,689	64,921,193	86,407,008
Total All Governmental Funds	$ 129,327,858	$ 107,900,858	$ 106,458,810	$ 88,176,318	$ 66,188,734	$ 57,282,213	$ 65,020,298	$ 63,632,144	$ 76,216,651	$ 100,215,236

CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ***Table 4***

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2023	2022	2021	2020	2019
Revenues					
Taxes	$ 71,114,036	$ 67,900,287	$ 63,924,362	$ 60,849,339	$ 59,608,600
Licenses and permits	2,009,138	3,083,283	3,212,074	2,581,001	2,550,598
Charges for services	8,609,913	7,769,788	6,730,132	6,214,339	7,446,486
Gas utility leases and royalties	545,430	1,134,010	659,357	407,632	519,830
Fines	1,334,004	1,974,887	2,005,086	1,840,751	2,088,401
Civil citations	-	-	-	-	-
Contributions	214,832	197,035	227,365	264,029	281,178
Special assessments	499,850	963,463	940,378	-	4,199
Investment income	5,132,185	(358,358)	77,182	1,626,298	2,203,691
Intergovernmental	15,759,539	6,645,348	4,520,452	13,660,474	5,195,951
Forfeitures	117,638	108,359	126,593	56,939	114,246
Developer contributions	-	-	-	-	-
Miscellaneous	367,399	562,482	443,472	652,030	1,858,022
Total Revenues	105,703,964	89,980,584	82,866,453	88,152,832	81,871,202
Expenditures					
General government	16,847,803	10,519,193	9,630,266	10,615,947	10,497,502
Public safety	47,164,771	37,763,898	36,210,406	35,964,977	35,480,280
Culture and recreation	11,485,592	10,652,798	10,106,261	9,898,855	10,514,871
Public works	4,067,904	6,590,074	6,105,740	5,308,773	3,258,397
Capital outlay	11,523,005	11,293,257	12,170,148	11,802,985	13,463,999
Debt Service:					
Principal retirement	11,074,140	22,018,562	11,130,000	10,595,000	10,630,000
Interest and fiscal charges	4,552,452	4,187,659	4,041,070	3,998,358	3,586,252
Bond issuance costs	518,072	285,378	252,062	1,273,158	216,920
Total Expenditures	107,233,739	103,310,819	89,645,953	89,458,053	87,648,221
Excess of revenues over (under) expenditures	(1,529,775)	(13,330,235)	(6,779,500)	(1,305,221)	(5,777,019)
Other Financing Sources (Uses)					
Issuance of debt	17,620,000	12,200,000	18,030,000	8,425,000	8,490,000
Issuance of refunding debt	-	-	245,000	3,795,000	4,865,000
Leases issued	16,998	-	-	-	-
Premium on issuance of debt	1,648,072	875,378	1,418,470	1,082,100	738,173
Payment of refunded bond escrow agent	-	-	(258,003)	(4,182,132)	(5,380,743)
Proceeds from sale of assets	356,229	3,373,753	8,473	57,892	484,003
Insurance recoveries	16,036				
Transfers in	12,408,777	20,413,520	12,365,782	20,663,183	14,220,231
Transfers (out)	(9,109,337)	(14,542,456)	(6,747,730)	(18,128,238)	(8,733,124)
Total Other Financing Sources (Uses)	22,956,775	22,320,195	25,061,992	11,712,805	14,683,540
Net change in fund balances before special items	21,427,000	8,989,960	18,282,492	10,407,584	8,906,521
Special items	-	(7,547,912)	-	-	-
Net change in fund balances	$ 21,427,000	$ 1,442,048	$ 18,282,492	$ 10,407,584	$ 8,906,521
Debt service as a percentage of noncapital expenditures	16.3%	29.0%	18.7%	19.1%	19.5%

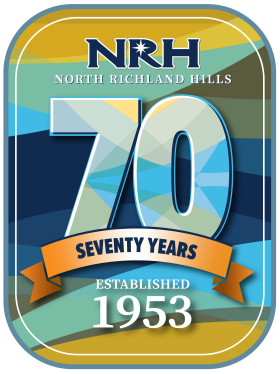
CITY OF NORTH RICHLAND HILLS, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ***Table 4***

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2018	2017	2016	2015	2014
Revenues					
Taxes	$ 57,455,121	$ 54,092,627	$ 51,253,936	$ 49,541,169	$ 47,625,477
Licenses and permits	2,150,745	2,326,087	2,534,768	1,520,086	1,632,278
Charges for services	7,086,865	6,120,805	6,027,624	5,904,848	6,681,429
Gas utility leases and royalties	555,185	454,264	263,932	664,788	1,187,340
Fines	1,973,660	2,212,430	1,892,511	2,222,995	1,990,953
Civil citations	-	1,088,773	1,322,940	1,226,567	990,714
Contributions	428,977	362,139	1,795,872	277,972	199,825
Special assessments	8,764	775	3,755	12,095	-
Investment income	385,620	304,456	475,680	437,668	319,622
Intergovernmental	6,892,700	6,194,623	6,121,987	4,305,248	5,072,166
Forfeitures	86,783	92,346	112,118	67,598	107,275
Developer contributions	-	-	-	-	600,000
Miscellaneous	333,603	354,955	366,569	263,251	388,858
Total Revenues	77,358,023	73,604,280	72,171,692	66,444,285	66,795,937
Expenditures					
General government	10,259,209	10,447,419	9,965,076	9,299,236	10,155,142
Public safety	34,610,632	33,044,578	31,277,423	30,050,383	29,022,814
Culture and recreation	10,335,379	10,186,032	9,634,940	9,534,702	9,231,503
Public works	3,193,928	3,153,832	3,088,996	3,024,822	2,924,516
Capital outlay	19,572,041	15,089,154	27,524,601	55,831,018	30,729,875
Debt Service:					
Principal retirement	10,745,000	10,515,000	11,187,728	9,999,376	8,578,960
Interest and fiscal charges	3,941,465	4,165,468	4,327,617	4,506,910	3,924,385
Bond issuance costs	-	-	-		
Total Expenditures	92,657,654	86,601,483	97,006,381	122,246,447	94,567,195
Excess of revenues over (under) expenditures	(15,299,631)	(12,997,203)	(24,834,689)	(55,802,162)	(27,771,258)
Other Financing Sources (Uses)					
Issuance of debt	-	7,545,000	1,850,000	22,215,000	24,360,000
Issuance of refunding debt	-	1,695,000	2,006,810	10,416,576	3,936,985
Leases issued	-	-	-	-	-
Premium on issuance of debt	-	362,160	97,212	3,265,946	310,000
Payment of refunded bond escrow agent	-	(1,682,019)	(2,025,720)	(10,416,576)	(3,936,985)
Proceeds from sale of assets	2,712,686	505,650	3,977,054	136,558	19,500
Transfers in	12,180,950	14,617,046	19,233,421	12,337,451	16,597,422
Transfers (out)	(7,332,100)	(8,657,479)	(12,888,595)	(6,151,378)	(13,343,076)
Total Other Financing Sources (Uses)	7,561,536	14,385,358	12,250,182	31,803,577	27,943,846
Net change in fund balances before special items	(7,738,095)	1,388,155	(12,584,507)	(23,998,585)	172,588
Special items	-	-	-	-	-
Net change in fund balances	$ (7,738,095)	$ 1,388,155	$ (12,584,507)	$ (23,998,585)	$ 172,588
Debt service as a percentage of noncapital expenditures	19.8%	20.4%	20.8%	20.9%	18.9%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CITY OF NORTH RICHLAND HILLS, TEXAS

APPRAISED AND TAXABLE VALUE OF PROPERTY ***Table 5***

Last Ten Fiscal Years

Fiscal Year	Tax Year	Appraised Residential Property	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property[1]	Personal Property	Estimate for ARB & Incomplete	Less Tax Exempt Property	Estimated Net Taxable Value	Total Direct Tax Rate
2014	2013	$ 2,868,511,402	$ 1,441,819,516	$ 25,428,750	$ 40,136,107	$ 311,311,919	$ 90,219,997	$ 936,363,242	$ 3,841,064,449	0.61000
2015	2014	3,051,185,373	1,493,156,269	27,110,792	49,727,661	324,807,300	66,663,269	956,622,434	4,056,028,230	0.61000
2016	2015	3,117,914,468	1,538,511,112	19,220,094	46,060,377	326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
2017	2016	3,540,397,856	1,721,550,137	26,729,937	27,615,504	312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000
2018	2017	3,993,343,172	1,956,678,814	26,686,683	24,263,442	357,297,914	224,247,353	1,418,958,570	5,163,558,808	0.59000
2019	2018	4,355,697,880	2,116,508,756	27,218,496	35,225,850	392,810,455	138,916,899	1,415,773,177	5,650,605,159	0.58500
2020	2019	4,812,901,628	2,241,160,157	31,415,440	50,684,038	406,907,002	229,471,415	1,585,662,386	6,186,877,294	0.57200
2021	2020	5,062,264,162	2,309,546,837	32,577,105	48,806,708	418,908,297	392,770,420	1,915,679,645	6,349,193,884	0.57570
2022	2021	5,463,675,235	2,428,279,033	32,975,644	46,974,852	415,877,607	289,559,979	1,826,185,503	6,851,156,847	0.57218
2023	2022	6,150,649,072	2,782,540,860	34,289,102	64,655,044	437,574,783	253,907,630	2,147,406,099	7,576,210,392	0.54797

Source: 2014-2015 - July 25th Tarrant Appraisal District Certified Tax Roll and City budget
Beginning 2016 - December Tarrant Appraisal District Certified Tax Roll and City budget

[1] This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

CITY OF NORTH RICHLAND HILLS, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS ***Table 6***

(per $100 assessed value)

Last Ten Fiscal Years

	City of North Richland Hills							
Fiscal Year	**General fund[2]**	**Debt service fund[2]**	**Total[2]**	**Junior college[1]**	**Birdville school district[1]**	**Hospital[1]**	**County[1]**	**Total**
2014	0.349036	0.260964	0.610000	0.149500	1.435000	0.227897	0.264000	2.686397
2015	0.350580	0.259420	0.610000	0.149500	1.435000	0.227897	0.264000	2.686397
2016	0.364730	0.245270	0.610000	0.149500	1.453900	0.227897	0.264000	2.705297
2017	0.348083	0.261917	0.610000	0.144730	1.453900	0.227897	0.254000	2.690527
2018	0.328640	0.261360	0.590000	0.140060	1.453900	0.224429	0.244000	2.652389
2019	0.327088	0.257912	0.585000	0.136070	1.453900	0.224429	0.234000	2.633399
2020	0.334940	0.237060	0.572000	0.130170	1.383900	0.224429	0.234000	2.544499
2021	0.343611	0.232089	0.575700	0.130170	1.380300	0.224429	0.234000	2.544599
2022	0.348864	0.223320	0.572184	0.130170	1.338000	0.224430	0.229000	2.493784
2023	0.347740	0.200230	0.547970	0.130170	1.279800	0.224430	0.224000	2.406370

Sources [1] Tarrant County

[2] City records

CITY OF NORTH RICHLAND HILLS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS ***Table 7***

Current Year and Nine Years Ago

Year ended September 30, 2023

Taxpayer	Type of Business	2022 Assessed Valuation*	% of Total Assessed Valuation
S2 8500 Harwood LLC	Multi Family	$ 113,100,000	1.49%
Star Delano LLC/Star Meadows LLC	Multi Family	108,300,000	1.43%
26 at City Point LLC/NRH Iron Horse LLC	Multi Family	93,500,000	1.23%
Company One LLC	Real Estate	76,724,370	1.01%
Cavalli at Iron Horse Station POE LLC	Multi Family	74,100,000	0.98%
Silver Creek LL LLC	Multi Family	74,000,000	0.98%
Sovereign at Hometown LLC	Multi Family	69,900,000	0.92%
SPI Hometown 316 DE LLC	Multi Family	66,800,000	0.88%
Frontline Shadow Creek LP/Frontline Aspen Creek LP	Multi Family	66,700,000	0.88%
Rockport NRH LLC	Multi Family	53,281,060	0.70%
		$ 796,405,430	10.50%

Year ended September 30, 2014

Taxpayer	Type of Business	2013 Assessed Valuation*	% of Total Assessed Valuation
Wal-Mart	Retail	$ 60,397,047	1.62%
Columbia N Hills Hosp Sub	Healthcare Provider	43,297,546	1.16%
BGPC Equestrian	Real Estate	32,500,000	0.87%
Ap Wp N Richland Hills Reit	Multi Family	31,000,000	0.83%
AP Wp Green Reit LLC	Multi Family	28,000,000	0.75%
Oncor Electric Delivery Co.	Utility Service Provider	27,953,588	0.75%
Company One, LLC	Real Estate	25,625,000	0.69%
Venue at Home Town LTD ETAL	Property Developer	23,749,650	0.64%
Chesapeake Operating (Wi)	Gas Utility	23,749,650	0.64%
Tyson Prepared Foods Inc	Food Manufacturer	18,888,152	0.51%
		$ 315,160,633	8.46%

* Source: Tarrant Appraisal District

The Maker Spot is a 4,500 sq. ft. makerspace on the second floor of the NRH Library. The Maker Spot is a community workspace where Library cardholders can come to create, explore, collaborate and innovate. The Maker Spot, opened in 2015, was funded by a Special Projects grant from the Texas State Library and Archives and the Institute for Museum and Library Services.

CITY OF NORTH RICHLAND HILLS, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS ***Table 8***

Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year[1]	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy	Amount	Amount	Percent of Levy
2014	2013	0.61000	23,430,493	22,797,806	97.30%	581,300	23,379,106	99.78%
2015	2014	0.61000	24,472,461	23,954,022	97.88%	473,771	24,427,793	99.82%
2016	2015	0.61000	25,342,035	24,810,326	97.90%	473,039	25,283,365	99.77%
2017	2016	0.61000	28,102,997	27,221,718	96.86%	834,632	28,056,350	99.83%
2018	2017	0.59000	30,455,592	29,254,234	96.06%	1,123,646	30,377,880	99.74%
2019	2018	0.58500	32,788,890	31,270,097	95.37%	253,717	31,523,815	96.14%
2020	2019	0.57200	35,061,148	33,251,865	94.84%	228,189	33,480,054	95.49%
2021	2020	0.57570	37,064,012	35,000,652	94.43%	204,363	35,205,015	94.98%
2022	2021	0.57218	39,369,801	37,056,767	94.12%	201,061	37,056,767	94.12%
2023	2022	0.54797	41,053,092	38,921,229	94.81%	-	38,921,229	94.81%

[1] Amounts represent the calculated levy by the Tarrant County Tax Office prior to exemptions.

CITY OF NORTH RICHLAND HILLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE ***Table 9***

Last Ten Fiscal Years (dollars in thousands, except per capita)

			Governmental Activities							
Fiscal Year	Estimated Population[1]	Net Taxable Value[2]	General Obligation Bonds	Certificates of Obligation	Special Assessment	Lease Liabilities	Subscription Liabilities	Total Governmental Activities Debt	Percentage of Net Taxable Value	Governmental Activities Debt Per Capita[1]
2014	65,690	3,841,064	81,512	36,050	-	-	-	117,562	3.06%	1,790
2015	66,300	4,056,028	83,354	50,105	-	-	-	133,459	3.29%	2,013
2016	69,204	4,150,188	77,625	46,330	-	-	-	123,955	2.99%	1,791
2017	69,768	4,599,695	71,478	49,485	-	-	-	120,963	2.63%	1,734
2018	69,600	5,163,559	64,925	44,825	-	-	-	109,750	2.13%	1,577
2019	71,269	5,650,605	60,131	47,395	-	-	-	107,526	1.90%	1,509
2020	71,508	6,186,877	56,130	49,487	11,580	-	-	117,197	1.71%	1,477
2021	70,380	6,349,193	68,406	45,135	11,375	-	-	124,916	1.79%	1,613
2022	71,904	6,851,156	72,816	34,580	8,050	98	-	115,544	1.57%	1,495
2023	72,587	7,576,210	81,845	32,870	7,870	72	378	123,035	1.62%	1,695

	Other Gov't Activities Debt	Business-Type Activities							
Fiscal Year	Sales Tax Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Leases	Total Business-type Activites	Total Primary Government[3]	Percentage of Net Taxable Value	Total Bonded Debt Per Capita[1]	Percentage of Per Capita Income[1]
2014	210	1,815	15,280	245	17,340	135,112	3.52%	2,057	6.47%
2015	105	2,012	1,367	163	15,845	149,409	3.68%	2,254	7.00%
2016	-	3,452	14,980	92	18,524	142,479	3.43%	2,059	6.33%
2017	-	3,190	13,605	253	17,048	138,011	3.00%	1,978	5.73%
2018	-	2,737	12,455	175	15,367	125,117	2.42%	1,798	5.16%
2019	-	4,784	14,665	77	19,526	127,052	2.25%	1,783	4.91%
2020	-	3,949	20,772	308	25,029	142,226	2.11%	1,827	4.91%
2021	-	3,390	20,274	232	23,896	148,812	2.16%	1,953	5.02%
2022	-	2,817	22,312	176	25,305	140,849	1.94%	1,847	4.29%
2023	-	3,251	27,790	83	31,124	154,158	212.38%	2,124	3.55%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Table 13 for additional population statistics.

[2] See Table 5 for additional information on net taxable value.

[3] Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

CITY OF NORTH RICHLAND HILLS, TEXAS

DIRECT AND ESTIMATED OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Last Ten Fiscal Years

Table 10

Taxing Jurisdiction	Net Bonded Outstanding Debt	Overlapping Percentage Applicable [2]	City Share of Overlapping Debt
City of North Richland Hills	$ 115,614,885 [1]	100.00%	$ 115,614,885
Birdville Independent School District	655,275,000	49.51%	324,426,653
Hurst-Euless-Bedford	295,350,000	0.06%	177,210
Keller Independent School District	782,924,989	3.78%	29,594,565
Tarrant County	376,120,000	3.16%	11,885,392
Tarrant County Hopsital District	448,410,000	3.16%	14,169,756
Tarrant County College District	591,230,000	3.16%	18,682,868
Total Overlapping Debt			398,936,443
Total Direct and Overlapping Debt			$ 514,551,328

Source: Hilltop Securities

[1] Includes self-supporting governmental activities debt.

[2] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

The North Richland Hills Parks & Recreation Facilities Development Corporation Capital Improvement Program is funded through a voter approved half-cent sales tax authorized to fund the development of parks and recreational facilities for the community. The Corporation was established following voter approval in January 1992.

Since its inception in 1992, many accomplishments have been achieved. 902 acres of park land have been acquired, offering the following parks and recreational services to our citizens:

- 20 miles of multi-use trails creating a complete network of trails throughout the City
- 7 community parks
- 13 neighborhood parks
- 9 linear parks
- Richland Tennis Center
- NRH$_2$O Family Water Park
- Tipps Canine Hollow Dog Park
- Davis Emerald Pocket Park
- Stormy Plaza
- NRH Senior Center
- Common Ground NRH Community Garden
- Outdoor Weather Warning Systems are active at five of the community parks and tennis center

The 7-member Board of Directors is appointed by City Council and comprised of 4 City Council members and 3 citizen members.

CITY OF NORTH RICHLAND HILLS, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN ***Table 11***

Last Ten Fiscal Years

Fiscal Year	Estimated Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%
2018	5,163,558,808	77,453,382	16,751,884	60,701,498	21.63%
2019	5,650,605,159	84,759,077	16,849,964	67,909,113	19.88%
2020	6,186,877,294	92,808,952	16,435,242	76,373,710	17.71%
2021	6,349,193,884	95,237,908	17,076,637	78,161,271	17.93%
2022	6,851,156,847	102,767,353	15,481,368	87,285,985	15.06%
2023	7,576,210,392	113,643,156	13,281,601	100,361,555	11.69%

CITY OF NORTH RICHLAND HILLS, TEXAS

PLEDGED REVENUE COVERAGE ***Table 12***

Last Ten Fiscal Years

	Parks and Recreation Facilities Development Bonds						
Fiscal	Sales Tax	Less: Current	Net Revenue	Debt Service			
Year	Revenues	Expenditures [3]	Available [2]	Principal	Interest	Total [1]	Coverage
2014	4,506,169	(5,559,713)	(1,053,544)	355,000	117,243	472,243	(2.23)
2015	4,648,841	(5,703,671)	(1,054,830)	455,000	109,153	564,153	(1.8)
2016	4,837,974	(5,896,984)	(1,059,010)	240,000	89,055	329,055	(3.22)
2017	4,964,710	(6,235,946)	(1,271,236)	240,000	80,393	320,393	(3.97)
2018	5,140,554	(6,328,312)	(1,187,758)	430,000	197,685	627,685	(1.89)
2019	5,113,739	(6,502,089)	(1,388,350)	350,000	174,555	524,555	(2.65)
2020	5,509,712	(6,050,286)	(540,574)	345,000	164,030	509,030	(1.06)
2021	5,995,942	(6,355,624)	(359,682)	310,000	153,005	463,005	(0.78)
2022	6,609,698	(6,730,306)	(120,608)	310,000	125,100	435,100	(0.28)
2023	6,909,918	(7,352,173)	(442,255)	310,000	132,005	442,005	(1.00)

[1] Includes interest and fiscal agent charges.

[2] Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

[3] Excludes capital outlay.

CITY OF NORTH RICHLAND HILLS, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS ***Table 13***

Last Ten Fiscal Years

Fiscal Year	Estimated Population [2]	Median Income [6]	Per Capita Income [6]	Median Age [6]	Education Level [6] [7]	School Enrollment [1] [5]	Unemployment Rate [3]
2014	65,690	$ 81,100	$ 31,766	38.5	95%	10,795	4.9%
2015	66,300	66,475	32,176	38.6	92%	11,452	3.3%
2016	69,204	65,121	32,549	38.9	92%	11,206	3.8%
2017	69,768	66,884	34,520	39.1	92%	10,970	3.8%
2018	69,600	67,812	34,839	39.2	93%	10,917	3.4%
2019	71,269	71,338	36,296	39.5	92%	11,070	3.0%
2020	71,508	71,098	37,239	39.5	92%	10,723	3.0%
2021	70,380	74,133	38,888	39.9	93%	10,616	3.9%
2022	71,904	78,974	43,098	39.9	94%	10,791	3.2%
2023	72,587	78,435	43,378	40.2	93%	10,759	3.5%

Data Sources:

[1] Birdville Independent Schools District

[2] City estimates

[3] Texas Employment Commission

[5] Includes North Richland Hills students only

[6] ESRI Business Information Solutions, Inc.

[7] Reported as a percentage of residents with a high schools diploma or greater

The annual NRH Holiday Magic Christmas Tree Lighting & Family Festival is held each December with activities including visits from Santa and Mrs. Claus, children's activities, performances on the community stage, and a holiday-themed firework show.

CITY OF NORTH RICHLAND HILLS, TEXAS

PRINCIPAL EMPLOYERS ***Table 14***

Current Year and Nine Years Ago

Year ended September 30, 2023

Employer	Employees [3]	Rank	Percentage of Total City Employment *
City of North Richland Hills	884	1	2.08%
Wal-Mart Supercenters	724	2	1.70%
Birdville ISD[1]	711	3	1.67%
Medical City North Hills	615	4	1.45%
Tarrant County College - NE Campus[2]	485	5	1.14%
Health Markets HQ	452	6	1.06%
Tyson Prepared Foods	380	7	0.89%
XPO Logistics	260	8	0.61%
Porfolio Recovery Associaties	233	9	0.55%
Smurfit Kappa	200	10	0.47%
	4,944		11.62%

Year ended September 30, 2014

Employer	Employees [3]	Rank	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,650	1	4.60%
Wal-Mart Supercenters	865	2	2.41%
Birdville ISD[1]	809	3	2.26%
North Hills Hospital	785	4	2.19%
HealthMarkets	607	5	1.69%
City of North Richland Hills	539	6	1.50%
Tarrant County College - NE Campus[2]	479	7	1.34%
Silverleaf Resorts	386	8	1.08%
Tyson Prepared Foods	380	9	1.06%
Con-Way Freight, Inc.	290	10	0.81%
	6,790		18.94%

[1] Number denotes employees working in schools in the City of North Richland Hills.

[2] Split with Hurst.

[3] Actual number of employees employed at time of reporting.

* Source: City records

CITY OF NORTH RICHLAND HILLS, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 15

Function	2023	2022	2021	2020	2019
General government					
Administration	8.00	8.00	7.00	7.00	7.00
Public information	4.50	3.50	3.50	3.50	3.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.50	22.50	22.50	22.50
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	12.30	12.30	12.30
Neighborhood services	22.78	21.78	21.78	21.78	21.78
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.48	3.48	3.50	3.50	3.50
Total general government	93.56	91.56	90.58	90.58	90.08
Public safety					
Police	206.36	203.36	201.86	200.86	200.86
Fire	100.50	100.00	100.00	100.00	100.00
Total public safety	306.86	303.36	301.86	300.86	300.86
Culture and recreation					
Parks and recreation	147.86	147.86	148.87	149.87	150.24
Library	27.05	27.05	27.53	27.53	27.74
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	177.91	177.91	179.40	180.40	180.98
Public works	80.70	79.20	78.70	79.70	79.70
Internal services					
Building services	15.63	15.50	17.25	17.25	16.38
Equipment servces	13.00	12.00	12.00	12.00	12.00
Self-insurance	5.00	5.00	5.00	5.00	5.00
Information services	13.50	12.50	12.00	12.00	12.00
Total internal services	47.13	45.00	46.25	46.25	45.38
Total full-time equivalents	706.16	697.03	696.79	697.79	697.00

Source: City operating budget

CITY OF NORTH RICHLAND HILLS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function	2018	2017	2016	2015	2014
General government					
Administration	7.00	6.00	5.00	5.00	4.70
Public information	3.00	3.00	4.00	4.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.00	23.00	23.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	10.30	10.30	10.30
Neighborhood services	21.78	19.73	19.73	19.73	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.50	3.50	3.50	3.75
Total general government	90.08	86.53	85.53	85.53	84.50
Public safety					
Police	195.86	203.13	193.88	191.88	189.88
Fire	94.00	94.00	94.00	91.00	91.00
Total public safety	289.86	297.13	287.88	282.88	280.88
Culture and recreation					
Parks and recreation	148.25	161.95	163.48	162.10	162.70
Library	27.74	27.53	28.03	27.11	27.11
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	178.99	192.48	194.51	192.21	192.81
Public works	79.70	69.43	79.18	78.18	78.18
Internal services					
Building services	13.88	13.63	15.63	15.63	15.73
Equipment servces	13.00	13.00	13.00	13.00	13.00
Self-insurance	5.00	5.00	5.00	5.00	5.10
Information services	12.00	12.00	12.00	12.00	12.00
Total internal services	43.88	43.63	45.63	45.63	45.83
Total full-time equivalents	682.51	689.20	692.73	684.43	682.20

Source: City operating budget

CITY OF NORTH RICHLAND HILLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM ***Table 16***

Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019
General government					
Planning and inspections					
Constrution					
Commercial units	8	16	24	27	29
Commercial value	$ 14,950,000	$ 66,042,535	$ 45,570,582	$ 15,022,201	$ 49,609,337
Residential units	114	260	306	253	211
Residential value	$ 40,582,056	$ 89,428,202	$ 100,525,572	$ 80,289,238	$ 70,298,392
Public Safety					
Police					
Law violations[1]	2,036	2,185	1,729	1,931	2,333
Part one offenses	1,573	1,748	1,890	1,393	1,655
Traffic violations	8,632	14,109	10,115	17,245	17,953
Calls for service	47,232	48,391	44,390	40,070	39,448
Case clearance %	41%	46%	41%	46%	54%
Fire					
Total responses	10,258	9,489	9,116	8,025	8,234
Fire responses	3,199	2,871	2,836	2,494	2,549
EMS responses	7,059	6,618	6,280	5,531	5,685
% responses < 5 minutes [3]	-	-	-	-	67%
% responses < 4 minutes [3]	32%	31%	29%	55%	-
% responses < 8 minutes [3]	88%	92%	95%	94%	-
Total inspections	1,918	2,364	2,364	1,711	2,958
Culture and recreation					
Parks and recreation					
Water park admissions	165,463	194,303	181,808	12,501	185,971
Golf rounds played	42,842	44,085	44,362	18,961	46,915
Library					
Number of volumes	150,413	162,703	150,086	146,928	162,460
Annual circulation	604,512	629,931	657,608	576,827	728,605
Annual loans per capita	8.33	8.76	9.34	8.07	10.72
Public Works					
Water					
Avg daily consumption [2]	1,285,893	1,303,944	1,181,115	1,201,993	1,101,439
Peak daily consumption [2]	2,441,043	2,252,406	2,252,406	2,649,332	2,345,187
Streets					
Street overlay - miles	5	4	2	7	4
Concrete pavement repair - sq. ft.	44,981	21,010	34,550	7,810	4,324
Pothole repair - sq. ft.	7,716	6,007	8,073	4,522	8,521
Street cut - st. ft.	28,131	34,670	27,015	79,110	68,430
Sign fabrication	358	335	437	684	1,158

Source: City Records

[1] Excludes traffic violations.

[2] Cubic feet.

[3] New records system implemented for Fire.

Function	2018	2017	2016	2015	2014
General government					
Planning and inspections					
Constrution					
Commercial units	21	31	20	65	35
Commercial value	$ 67,800,454	$ 53,156,352	$ 13,603,082	$ 11,481,833	$ 14,309,733
Residential units	234	233	238	122	321
Residential value	$ 80,589,505	$ 81,180,734	$ 75,615,139	$ 36,838,614	$ 27,754,692
Public Safety					
Police					
Law violations[1]	2,697	2,772	2,595	3,144	3,014
Part one offenses	1,830	1,662	1,560	1,868	1,644
Traffic violations	7,721	18,404	17,566	21,305	17,052
Calls for service	123,112	120,098	111,984	112,313	107,393
Case clearance %	47%	52%	23%	28%	23%
Fire					
Total responses	8,354	8,205	7,932	7,475	7,276
Fire responses	2,691	2,567	2,402	2,221	2,412
EMS responses	5,663	5,638	5,530	5,254	4,864
% responses < 5 minutes [3]	66%	56%	64%	74%	70%
% responses < 4 minutes [3]	-	-	-	-	-
% responses < 8 minutes [3]	-	-	-	-	-
Total inspections	3,201	2,549	3,143	1,232	1,201
Culture and recreation					
Parks and recreation					
Water park admissions	184,064	202,515	221,101	227,525	219,077
Golf rounds played	42,953	49,147	47,873	43,250	45,339
Library					
Number of volumes	164,482	179,303	174,156	214,867	202,103
Annual circulation	778,166	764,520	814,070	939,022	854,452
Annual loans per capita	11.18	10.96	11.76	14.16	13.01
Public Works					
Water					
Avg daily consumption [2]	1,247,915	1,153,565	1,160,247	1,165,254	1,219,696
Peak daily consumption [2]	2,614,572	2,096,524	2,614,973	2,582,620	2,441,043
Streets					
Street overlay - miles	7	6	4	4	4
Concrete pavement repair - sq. ft.	5,166	13,921	14,052	3,113	6,258
Pothole repair - sq. ft.	4,800	3,018	4,767	4,467	2,677
Street cut - st. ft.	93,310	147,676	162,607	153,559	163,910
Sign fabrication	1,599	1,332	1,215	1,179	850

Source: City Records

[1] Excludes traffic violations.

[2] Cubic feet.

[3] New records system implemented for Fire.

CITY OF NORTH RICHLAND HILLS, TEXAS

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM ***Table 17***

Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Fire hydrants	2,350	2,339	2,337	2,318	2,304
Culture and recreation					
Parks and recreation					
Parks	39	39	39	39	39
Park acreage	899	899	899	899	899
Playgrounds	21	22	22	22	22
Trails - miles	36	36	35[2]	31	31
Golf courses	1	1	1	1	1
Recreation centers	1	1	1	1	1
Athletic fields	51	51	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works[1]					
Water main - miles	379	377	379	374	372
Water connections	23,749	23,570	23,317	22,990	22,707
Wastewater lines - miles	258	258	260	257	255
Wastewater connections	21,918	21,784	21,558	21,237	20,958
Storm drain - miles	142	142	142	141	140
Streets - miles	252	252	248	247	246
Street lights	3,001	2,995	2,990	2,980	2,977

Source: City Records

[1] Department's system inventory report was calculated by outside source.

[2] Addition of Mountain Bike Trails

Function	2018	2017	2016	2015	2014
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	4	4
Fire hydrants	2,279	2,256	2,251	2,219	2,202
Culture and recreation					
Parks and recreation					
Parks	39	39	34	33	33
Park acreage	899	899	735	734	734
Playgrounds	22	22	22	22	22
Trails - miles	31	31	31	30	30
Golf courses	1	1	1	1	1
Recreation centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
Public Works[1]					
Water main - miles	372	371	370	367	356
Water connections	22,492	22,233	21,988	21,329	21,141
Wastewater lines - miles	257	256	255	252	293
Wastewater connections	20,711	20,430	20,212	19,919	19,761
Storm drain - miles	139	139	139	139	139
Streets - miles	244	241	241	238	238
Street lights	2,948	2,550	2,545	2,545	2,545

Source: City Records

[1] Department's system inventory report was calculated by outside source.

[2] Addition of Mountain Bike Trails

The North Richland Hills City Hall opened in May 2016. The 182,000 square foot for the new facility includes about 89,000 square feet for Public Safety operations, about 78,500 square feet for City Hall and about 14,500 square feet for Municipal Court. Prior to the opening of City Hall, city services were housed in six buildings on three different campuses.

Glossary

The Smithfield TEXRail station is one of two stations in North Richland Hills offering commuter-rail service to Fort Worth and the Dallas-Fort Worth International Airport. The Iron Horse station is the second TEXRail station within the City.

ACCOUNT
A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance control, or fund balance.

ACCOUNT PAYABLE
A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNT RECEIVABLE
An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government.

ACCOUNTING SYSTEM
The total set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL ACCOUNTING
A basis of accounting in which revenues are recognized in the period in which they are earned and become measurable, and expenses are recognized in the period incurred instead of when cash is actually received or spent.

ACCRUED INTEREST
Interest that has been earned and recorded, but has not been received.

ACFR
ACFR is an acronym for **Annual comprehensive financial report**. (See also *ANNUAL COMPREHENSIVE FINANCIAL REPORT.*)

ACTUARIAL
Relating to actuaries or their work of compiling and analyzing statistical calculations to assess risk in insurance, finance and other industries and professions.

AD VALOREM TAX (See also *PROPERTY TAX.*)
A tax based on value of land and improvements (property tax).

AGENDA
A formal listing of items to be discussed during a public meeting. Agendas for public meetings are posted 72 hours in advance, in compliance with the Open Meetings Act.

AMORTIZE
To amortize is to allocate the cost of an intangible asset over a period of time.

ANNUITY
A fixed sum of money paid to someone each year, typically for the rest of their life.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
Annual comprehensive financial report (ACFR) is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board.

APPROPRIATION
An authorization granted by City Council to make expenditures and to incur obligations for specific purpose. Usually limited in amount and as to the time when it may be expended.

ARBITRAGE
With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn positive arbitrage in connection with tax-exempt bonds.

ASSESSED VALUATION
A valuation set upon real estate or other property by government as a basis for levying taxes. (See also *TAXABLE VALUE.*)

ASSETS
Property owned by a government, which has economic value.

AUDIT
In general, an official inspection of an individual's or organization's accounts by an independent body. The City's charter requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. In practice, that means the City contracts with an independent certified public accountant to audit the year-end financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

AUDIT COMMITTEE
The Audit Committee is responsible for recommending to the City Council an independent auditor as needed, reviewing the audit of the City's basic financial statements prior to submission to the City Council, and assisting the independent auditor and city staff with the presentation of the audit to the City Council. The Audit Committee is composed of members of the City Council as well as the City Manager and the City's Director of Finance.

BALANCE SHEET
A statement purporting to present the financial position of an entity by disclosing the value of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equities as of a specified date.

BALANCED BUDGET
A budget in which total recurring expenditures for any fiscal year do not exceed total recurring revenues for that same fiscal year.

BASE LEVEL SERVICES
Funding required to meet current service level.

BASIC FINANCIAL STATEMENTS
The basic financial statements are comprised of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, and are subjected to an annual audit by an independent certified public accountant. The basic financial statements are included in the Annual comprehensive financial report along with unaudited information, including introductory information, required supplementary information, and statistical information.

BASIS OF ACCOUNTING
Refers to when revenues and expenditures are recognized in the accounts and reported in the financial records of the City, regardless of the measurement focus applied. Accounting records for governmental fund types are maintained on a modified accrual basis of accounting, with revenue being recorded when available and measurable, and expenditures being recorded when services or goods are received and the liabilities are incurred.

BASIS OF BUDGETING (See also *MODIFIED ACCRUAL.*)
The City's basis for budgeting is the modified accrual basis for governmental funds, including the General Fund. Budgeting for proprietary funds, which includes the Enterprise Fund, is essentially on the full accrual basis. Encumbrances are recognized by both governmental and proprietary funds since encumbrances represent a commitment of funding for goods and services.

BEGINNING BALANCE
The residual non-restricted funds brought forward from the previous fiscal year (ending balance).

BONDS
Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or formula for determining the interest rate.

BOND DEBT
That portion of indebtedness represented by outstanding bonds.

BOND PROPOSITION
A recommendation to issue debt and a proposal as to the best use of the bonds.

BUDGET
A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term is also sometime used to denote the officially approved expenditure ceiling under which a government and its departments operate.

BUDGET AMENDMENT
A revision of the adopted budget that, when approved, replaces the original provision and increases or decreases the budget appropriation.

BUDGET CALENDAR
The schedule of key dates that a government follows in preparation and adoption of the budget.

BUDGET ENHANCEMENT
A request to enhance current service level beyond current funding.

BUDGET ORDINANCE
Governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

BUDGET PERIOD
The period for which a budget is proposed or a budget ordinance is adopted.

BUDGETARY CONTROL
The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within limitations of available appropriation and available revenues.

BUDGETED FUNDS
Funds for which annual budgets are legally adopted, as opposed to non-budgeted funds for which annual budgets are not legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees.

BUSINESS-TYPE ACTIVITIES
Business-type activities include any activity engaged in the primary purpose of making a profit. Business- type activities are financed in whole or in part by fees charged to external users for goods or services and are generally reported in Enterprise Funds.

CAPITAL IMPROVEMENT
The addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its useful life or adapt it to new uses.

CAPITAL IMPROVEMENT PLAN
A comprehensive plan that projects the capital needs of a community. Generally, it is a cyclical process that estimates the needs for a set number of years. Capital Improvements Plans are essential for sound infrastructure and financial planning.

CAPITAL ASSET
An item costing more than $10,000 and having a useful life of more than four years.

CAPITAL EXPENDITURE
Also called a CAPITAL OUTLAY — An expenditure to acquire a capital asset.

CAPITAL PROJECTS FUND
Is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

CASH BASIS
A method of accounting in which revenues and expenses are recognized and recorded when received, not necessarily when earned.

CASH EQUIVALENTS
Cash equivalents are investments securities that are for short-term investing, and they have high credit quality and are highly liquid. Cash equivalents, also known as "cash and equivalents," are one of the three main asset classes, along with stocks and bonds. These securities have a low-risk, low-return profile and include U.S. government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

CHART OF ACCOUNTS
The classification system used by the City to organize the accounting for various funds.

CHARTER
A written instrument setting forth principles and laws of government within boundaries of the City.

CIP
CIP is an acronym for **Capital Improvement Plan**. (See also *CAPITAL IMPROVEMENT PLAN*.)

CITY COUNCIL
The legislative body that governs the City.

CITY COUNCIL PRIORITIES
A five-year planning horizon focusing on safety, infrastructure and facilities, residential and recreational, budget and finance, and commercial redevelopment.

CITY MANAGER
An appointed official who directs the administration of the City.

CITIZEN
An inhabitant of the City.

COMPREHENSIVE PLAN
A Comprehensive Plan is to anticipate and guide future development trends in a manner that will provide a community with a balanced use of land that promotes a superior quality of life.

CONSUMER PRICE INDEX
The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. The CPI is calculated by the U.S. Bureau of Labor Statistics.

CONTINGENCY
Funds set aside in a reserve account for major expenditures or for emergencies.

COUNTERPARTY
A counterparty is the other party that participates in a financial transaction, and every transaction must have a counterparty for the transaction to go through.

CPI
CPI is an acronym for **Consumer Price Index**. (See also *CONSUMER PRICE INDEX.*)

CREDIT RISK
Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

CURRENT ASSETS
Cash and other assets expected to be converted to cash, sold, or consumed within in a year or in the operating cycle.

CURRENT FINANCIAL RESOURCES MEASUREMENT
Current financial resources measurement focus is where the financial statements report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operation of governmental funds.

CURRENT LIABILITIES
Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

CUSTODIAL CREDIT RISK
In the case of deposits, this is the risk that the event of a bank failure, the City's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that in the position of an outside party.

DEBT SERVICE
The amount of money required for interest and principal payments on an outstanding debt in any given year.

DEBT SERVICE FUND
Also called a SINKING FUND - A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt.

DEBT RATE
The City's property tax rate has two components, the **general rate** which generates property tax revenues used to fund operations and the **debt rate** which generates property tax revenues used to fund the repayment of debt. (See also *PROPERTY TAX RATE.)*

DEFERRED INFLOW OF RESOURCES
Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES
Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.

DEFICIT
The excess of expenditures over revenues during an accounting period; or in the case of Enterprise Funds, the excess of expense over income during an accounting period.

DELINQUENT TAXES
Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

DEPRECIATION
A non-cash expense that reduces the value of an asset as a result of wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

DIRECTOR OF FINANCE DEPARTMENT
The officer of the City that has primary responsibility for managing the City's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

DISCOUNT RATE
The interest rate you need to earn on a given amount of money today to end up with a given amount of money in the future.

EFFECTIVE TAX RATE
The tax rate required to generate the same amount of revenue as in the preceding year on the same properties.

ENCLAVE
A portion of territory within or surrounded by a larger territory.

ECONOMIC RESOURCES
Economic resources are the goods or services available to the City used to produce valuable consumer products. The classic economic resources include land, labor and capital.

ECONOMIC RESOURCES MEASUREMENT FOCUS
Economic resources measurement focus is where a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity’s net position. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting.

ENCUMBRANCE
Obligations in the form of purchase orders, contracts, or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or actual liability is set up, at which point they become expenditures.

ENDING BALANCE
The dollars remaining after current expenditures for operations and debt service are subtracted from the sum of the beginning fund balance and current resources. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

ENTERPRISE FUND
A fund established to account for operations which: (a) finance and operate in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

EXPENDITURES
Decreases in net financial resources. They include current operating expenses that require the current or future use of net current assets, debt service, and capital outlay.

FEES
Charges for services.

FEMA
FEMA is an acronym for **Federal Emergency Management Agency**.

FIDUCIARY
A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person.

FINANCIAL STATEMENTS
Written records that convey the business activities and the financial performance of the City.

FISCAL FORECAST
A management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services.

FISCAL YEAR
A twelve-month period of time to which the annual budget applies, and at the end of which, the City determines its financial position and results of operation. The fiscal year for the City of North Richland Hills runs from October 1 to September 30 of the following year.

FIXED ASSETS
Assets of long-term character intended to continue to be held or used. Examples are land, buildings, and improvements such as machinery and equipment.

FIXED COST
Costs which do not change with increases or decreases in the amount of services provided, such as rent.

FRANCHISE
A special privilege granted by a government, permitting the continued use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

FTE
FTE is an acronym for **Full-Time Equivalent**. (See also *FULL TIME EQUIVALENT.)*

FULL TIME EQUIVALENT
A unit that indicates the workload of a single full-time worker. The concept is used to convert the hours worked by part-time employees into the hours worked by full-time employees. For example, someone who works a half-day would be 0.5 full time equivalents. The City budgets authorized employment positions using full time equivalents. For example, there might be a part-time library assistant position budgeted as 0.5 FTE, which would be the equivalent of one-half of a full-time employee.

FUND
A fiscal and accounting entity with a self-balancing set of accounts. A fund records cash and other financial resources, all related liabilities, residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE
The balance of net financial resources that is spendable or available. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

FUND BALANCE POLICY
A policy requiring a minimum fund balance to be kept in reserve. Fund balances over the policy requirements may be appropriated in the budget.

FUND FINANCIAL STATEMENTS
For governmental and proprietary funds, special and extraordinary items are reported separately at the bottom of the statement of revenues, expenditures and changes in fund balances or the statement of revenues, expenses and changes in net position, respectively.

FUNDING SOURCE
Specifically identified dollars allocated to meet budgeted requirements.

GAAP
GAAP is an acronym for **Generally Accepted Accounting Principles**. (See also *GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.)*

GENERAL FIXED ASSETS
Capital assets that are not assets of any particular fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds (as opposed to proprietary funds).

GENERAL FUND
A fund established to account for all financial resources except those required to be accounted for in another fund. Examples of General Fund departments include Parks, Facilities and Recreation, Fire Department, Library, Finance and Municipal Court, Streets and Drainage, Development Services, and Police Department.

GENERAL OBLIGATION BONDS (G.O. BONDS)
Bonds secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. They are usually issued to pay for general capital improvements such as parks and streets.

GENERAL RATE
The City's property tax rate has two components, the **General Rate** which generates property tax revenues used to fund operations and the **Debt Rate** which generates property tax revenues used to fund the repayment of debt. The General Rate is sometimes referred to as the Maintenance and Operations Rate, or M&O Rate. (See also *PROPERTY TAX RATE.)*

GENERAL REVENUE
Funds acquired through business and property taxation. Monies that may be utilized for any purposes as received at the state and local levels of government.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)
The uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentations.

GEOGRAPHIC INFORMATION SYSTEM
A system is designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data allowing one to visualize, question, analyze, and interpret data to understand relationships, patterns, and trends.

GIS
GIS is an acronym for **Geographic Information System**. (See also *GEOGRAPHIC INFORMATION SYSTEM*.)

GOVERNEMENT-WIDE FINANCIAL STATEMENTS
Government-wide financial statements report information about the government as a whole without displaying individual funds or fund types.

GOVERNMENTAL ACCOUNTING
The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of government.

GOVERNMENTAL ACCOUNTING STANDARD BOARD (GASB)
The governing body that sets accounting standards specifically for governmental entities at the state and local level.

GOVERNMENTAL ACTIVITIES
Governmental activities are general government activities and are financed primarily through taxes. Governmental activities generally are reported in governmental funds. All general capital assets and general long-term liabilities are part of governmental activities as well. Common examples of governmental activities include general administration, public safety, education, streets and roads, and health and sanitation.

GOVERNMENTAL FINANCE OFFICERS ASSOCIATION (GFOA)
Professional association of state/provincial and local finance officers in the United States and Canada dedicated to the sound management of government financial resources.

GOVERNMENTAL FUNDS
Funds generally used to account for tax-supported activities. There are five different types of governmental funds: general funds, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GRANT
A contribution by one government unit or funding source to another unit. The contribution is usually made to aid in a specified function (for example, education), but it is sometimes also for general purposes.

HOME RULE CHARTER
Texas cities operate under two different categories of local government: 1) General Law; and Home Rule. Texas law grants General Law cities limited specific authority. Cities under 5,000 in population are required to be General Law cities. Cities over 5,000 in population can adopt a Home Rule Charter which defines the structure, power, duties, and authority of the local government. Rather than looking to state statues to determine what they may do, as General Law cities must do, Home Rule cities look to their local charters to determine what they may do. A Home Rule city may generally take any action that is not prohibited by the Texas Constitution or statues as long as the authority is granted in the charter of the city. Home Rule is essentially the privilege of citizens at the grass roots level to manage their own affairs with minimal interference from the State.

INCOME
A term used in proprietary fund-type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

INFRASTRUCTURE
Immovable fixed assets having value only to the governmental unit. Common examples of infrastructure include roads, sidewalks, bridges, and streetlights.

INTERGOVERNMENTAL REVENUE
Revenue received from another governmental unit for a specific purpose.

INTEREST RATE RISK
Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.

INTERESTED PARTY
People or organizations who may be affected by a situation.

INTERNAL CONTROLS
Processes designed to assure achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, loss prevention, and compliance with laws, regulations, and policies.

INVESTMENTS
Securities and real estate held for production of revenue in the form of interest, dividend, rental, or lease payments. The term does not include fixed assets used in governmental operations.

LEASE/PURCHASE
A financing tool utilized to fund large capital outlays where the city may not have cash immediately available for purchase. This arrangement allows the city to use the item while payments are being made.

LED
LED is an acronym for **Light Emitting Diode**. (See also *LIGHT EMITTING DIODE*.)

LETTER OF TRANSMITTAL
A cover letter from the City's Director of Finance that accompanies the annual comprehensive financial report.

LEVY
To impose taxes or special assessments. The total of taxes or special assessments imposed by a governmental unit.

LIABILITIES
Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.

LIGHT EMITTING DIODE
A two-lead semiconductor light source. Light emitting diodes (LEDs) emit light through the process of electroluminescence when suitable voltage is applied. LEDs have many advantages over traditional incandescent light sources including lower energy consumption, longer lifetime, improved physical robustness, smaller size, and faster switching. LEDs are now used in applications as diverse as aviation lighting, automotive headlamps, advertising, general lighting, traffic signals, street lighting, and camera flashes.

LOCAL GOVERNMENT INVESTMENT POOL
A local government investment pool (LGIP), is a state or local government pool offered to public entities for the investment of public funds. These pools are important investments tools, offering safety with a competitive yield.

LONG-TERM DEBT
Debt with a maturity of more than one year.

LONG-TERM LIABILITIES
Long-term liabilities are financial obligations of a company that become due more than one year.

LINE ITEM BUDGET
A budget format in which departmental outlays are grouped according to the items that will be purchased with one item or group of items on each line.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
The portion of the City's Annual Comprehensive Financial Report in which management addresses the company's performance over the previous twelve months.

MAYOR
The elected head of the City.

MODIFIED ACCRUAL
City of North Richland Hills's governmental funds are budgeted using the modified accrual basis, with revenues recognized when they become measurable. Revenue is "measurable" when the amount of the transaction can be reasonably determined. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred and is expected to be liquidated within 60 days.

MUNICIPAL FACILITIES
City owned structures, mechanicals, and building systems

NET PENSION LIABILITY
The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries

NET POSITION
Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

NON-BUDGETED FUNDS
Funds for which an annual budget are not legally adopted, as opposed to budgeted funds for which annual budgets are legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees. The resources supporting non-budgeted funds are typically either transfers that were budged as expenditures at a budgeted fund or revenues that are restricted by third parties such as grant revenue, donations, or regulated fees.

NON-RECURRING REVENUE
One-time windfall revenue that is budgeted only for one fiscal year.

OPEB
OPEB is an acronym for Other Post-Employment Benefits. (See also *OTHER POSTEMPLOYMENT BENEFITS*.)

OPERATING BUDGET
Plans of current expenditures and the proposed means of financing them.

OPERATING REVENUE
Operating revenue is revenue generated from the City's business activities.

ORDINANCE
A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the City.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)
Other postemployment benefits (or OPEB) is a term used in the United States to describe the benefits that an employee begins to receive at the start of their retirement. These benefits do not include the pension paid to the retired employee.

OVERLAPPING DEBT
Overlapping debt refers to the financial obligations of one political jurisdiction that also falls partly on a nearby jurisdiction. Overlapping debt is common in most states because states are divided into numerous jurisdictions for different tax purposes, such as building a new public school and building a new road.

PENSION
A regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.

PLANNING AND ZONING COMMISSION
An appointed seven-member board that makes recommendations to City Council regarding the physical development of the City, including the Comprehensive Plan that serves as the basis for the City's zoning regulations. It also reviews and approves applications for subdivision plats and replats.

PROJECTION
A forecast of future trends in the operation of financial activities done through the remainder of the fiscal year to gain a better picture of the City's finances.

PROPERTY TAX
An annual or semi-annual tax paid to one or more governmental jurisdictions based on the real and personal property's assessed valuation and the tax rate, done in compliance with the State Property Tax Code.

PROPERTY TAX RATE
The rate applied to the taxable value of property to determine the property taxes due. The City's property tax rate has two components, the **general tax rate** which generates property tax revenues used to fund operations and the **debt tax rate** which generates property tax revenues used to fund the repayment of debt. Property tax rates are commonly presented as the amount of tax levied for each $100 of assessed valuation.

PROPRIETARY FUNDS
Funds generally used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds: enterprise funds (used to account for any activity for which a fee is charged to external users for goods or services); and internal service funds (used to account for the provision of goods or services by one department to other departments of a governmental unit). (See *ENTERPRISE FUND*.)

PUBLIC HEARING
A public hearing may be a formal meeting for receiving testimony from the public at large on a local issue, or proposed government action. Testimony from both sides of an issue is usually recorded for public record, and a report summarizing the key points is generated.

RATINGS
Designations used by credit rating agencies to give relative indications of credit quality.

REFERENDUM
The principle or practice of referring measures proposed or passed by a legislative body, head of state, etc., to the vote of the electorate for approval or rejection (plural referenda).

REFUNDING BONDS
Bonds issued to retire bonds already outstanding.

REPORT OF INDEPENDENT AUDITORS
The report of independent auditors, published in the annual comprehensive financial report, opines on whether the City's basic financial statements comply with generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION
Required supplementary information (RSI) is information that a designated accounting standard-setter (e.g., FASB, GASB) requires to accompany the basic financial statements.

RESERVE
An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

RESOLUTION
A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

RESTRICTED NET POSITION
The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

RESTRICTED RESOURCES
Restricted resources refer to a reserve of money that can only be used for specific projects or purposes.

UNRESTRICTED RESOURCES
Unrestricted resources refer to a reserve of money that can be used as the City sees fit.

REVENUE
Revenue is (1) an increase in a governmental fund's net current assets from other than expenditure refunds and residual equity or (2) an increase in a proprietary fund's net total assets from other than expense refunds, capital contributions, and residual equity transfers.

ROLLBACK RATE
The highest tax rate an entity may adopt without being subject to a rollback election.

SCADA
SCADA is an acronym for **Supervisory Control and Data Acquisition**. (See also *SUPERVISORY CONTROL AND DATA ACQUISITION*.)

SDBF
SDBF is an acronym for **Supplemental Death Benefits Fund**. (See also *SUPPLEMENTAL DEATH BENEFITS FUND*.)

SERVICE PLANS
Each department within the City has a three-year plan, outlining their strategic priorities for the City.

SPECIAL REVENUE FUND
A Fund used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

STEWARDSHIP
The job of supervising or taking care of something, such as an organization or property.

STRUCTURAL BALANCE
The state at which current revenue sufficiently supports current expenditures.

SUPERVISORY CONTROL AND DATA ACQUISITION
An industrial computer system that monitors and controls a process. Supervisory control and data acquisition systems (also known as SCADA systems) are used to monitor and control a plant or equipment in industries such as telecommunications, water and waste control, energy, oil and gas refining and transportation. A SCADA system gathers information, such as where a leak on a pipeline has occurred and transfers the information back to a central site. SCADA systems frequently are used to manage processing systems that include geographically disbursed components.

SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)
A cost sharing multiple-employer defined benefit group-term life insurance plan operating by the Texas Municipal Retirement System.

TAX LEVY
The total amount to be raised by general property taxes for intentions specified in the Tax Levy Ordinance.

TAX RATE
The amount of tax levied for each $100 of assessed valuation.

TAXABLE VALUE
A valuation to which the property tax rate is applied to calculate property taxes. The Taxable value of property is generally equal to the assessed valuation less any qualifying exemptions (such as a homestead exemption).

TAXES
Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments, or charges for services rendered, such as sewer service.

TBD
TBD is an acronym for **To Be Determined**.

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
TMRS is a statewide retirement system that provides retirement, disability, and death benefits for employees of participating Texas cities.

TMRS
An acronym for **Texas Municipal Retirement System**. (See also *TEXAS MUNICIPAL RETIREMENT SYSTEM.)*

TORT
A wrongful act or an infringement of a right (other than under contract) leading to civil legal liability.

TRANSFERS
Authorized exchanges of cash or other resources between funds.

UNASSIGNED FUND BALANCE
In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

UNRESTRICTED NET POSITION
The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

YIELD
The rate earned on an investment based on the price paid for the investment, the interest earned during the period held, and the selling price or redemption value of the investment.